

or uninsurable, literally, for the industry to handle alone. I cite as examples the flood insurance programs, the crop insurance programs, or the nuclear liability insurance programs that the Federal Government is involved in as a supplement or assist or backstop to private insurance industries. Those risks are, in some ways, actually more insurable than terrorism, but in each case the Federal Government stepped in because we understood the very real risk of people having their policies dropped and being left without basic protection.

In the interest of economic security and in some sense of consistency, we now have to offer the American people a similar guarantee after September 11 that insurance coverage will be offered in the case of terrorism.

Again, I congratulate Senator DODD and all those who have worked with him, as well as members of the Banking Committee, and, not surprisingly, because of the suffering endured in New York in human and economic terms, our colleagues from New York, Senator SCHUMER and the occupant of the chair, Senator CLINTON. I thank them all for their leadership. I thank everyone for the ultimate spirit of accommodation that will, I am confident, allow this bill to pass. We need it to become law as soon as possible, and I am hopeful that today's action will be to exactly that result before it is literally too late.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, I ask unanimous consent that I be recognized to speak as in morning business.

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

#### FAIRDRUGPRICES.ORG

Ms. STABENOW. Madam President, I appreciate my colleague from Connecticut speaking about the bill that is before us, and I certainly share his beliefs about the need for terrorism insurance and hope we will be passing this bill shortly. I found, though, that as I was listening to him today, I was thinking about another kind of terror, and insurance we need to be providing, and that is the terror that too many of our citizens, particularly our seniors, experience when they find themselves in a situation with an illness and they cannot afford the medications they need to be well.

I think of the terror a breast cancer patient feels when she is told she needs tamoxifen and cannot afford the \$136 a month, which it is in Michigan, to purchase that tamoxifen. I think of the terror a family with a disabled child feels when they cannot get the medicine they need, or the terror of a small business man or woman when they see their health care premiums rise 30 to 40 percent this year. They know the majority of that is because of the explosion in the costs of prescription drugs. So there are a number of ways in which

we need to be addressing terror and fear in our country.

I rise today to urge my colleagues, on both sides of the aisle in the Senate, to come together and support a comprehensive Medicare prescription drug benefit, to support the bill that my colleagues, Senator GRAHAM and Senator MILLER, have introduced—I am pleased to be a cosponsor of that bill—as a comprehensive response to the terror our seniors are experiencing when they are not able to get the desperately needed medications they need to remain in their home, to remain healthy, to be able to continue to live their lives.

I was very concerned to see over the weekend and to read today about the actions the House Republicans are taking at this very moment. I was hoping, when we pointed out the inadequacies in the bills they have been talking about, they would make corrections so that we could move together on a comprehensive bill that is effective for our seniors and actually helps them.

I am very concerned, when I see the numbers, about what is happening. The bills that are being put forward by the Republicans appear to have very little positive effect and in some cases could even be argued to hurt the situation. Families USA has come up with an analysis, and I will quote from their analysis, about the percentage of out-of-pocket expenditures that seniors would have at various levels of their drug costs under the House Republican plan. For a senior who needed to spend \$1,000 a year, they would find they would still pay 81 percent of that \$1,000 under the House plan. If they had a \$2,000 bill per year, they would still pay about 65 percent. If they had a \$3,000 bill per year, they would pay about 77 percent out of their pocket. If they had a \$4,000 bill per year, they would be paying 83 percent of it. I cannot believe all of the effort by our colleagues in the House that is going into passing this kind of prescription drug legislation for our seniors. That is not good enough. We can do better.

I am so pleased our leader has made a personal commitment to make sure we bring this bill up in July and we vote on this bill for Medicare prescription drug coverage. I am very pleased our bill would in fact provide real coverage of 60 percent, 70 percent, of the bill. We would cover the majority of the prescription drug bill for our seniors.

So I am urging once again that our citizens across the country get engaged in this debate to make sure that what happens in the Congress is the right action. There are a number of consumer groups and senior groups that have come together across the country to form a Web site, fairdrugprices.org. I urge people to go to this Web site, log on, and sign the petition that they have set up calling on all of us to create a meaningful prescription drug benefit and lower prices for everyone: For the senior, for the farmer, the small

business, the large business, anyone who is paying the high prices of prescription drugs. If you go to fairdrugprices.org, you can get involved, sign a petition, communicate with us about what needs to be done. I urge everyone who is listening today to do that.

I am very concerned that as we are debating the priorities of the country—and last week we were debating whether or not to extend a tax cut that we know goes overwhelmingly to those at the very top in terms of the estate tax and the extension of the tax cut that was put into place for 10 years.

It bothers me when I see that in the year 2012, when this would be extended, the tax cut would cost \$229 billion, which is three times more than they want to dedicate in the House for prescription drug help, three times more than what they are willing to provide for our seniors and people who are disabled or families who have disabled children, three times more for a tax cut to the very wealthiest Americans who, it is my guess, are not worried about whether or not they can buy their medicine. They are not having to struggle and go into the pharmacy, look at the bill after they give their prescription, and walk away with the pills still sitting on the counter because they were not able to afford to pay for them.

My guess is that the folks who are being proposed for another tax cut are not deciding whether they are going to cut their pills in half or take them every other day or not at all.

I support efforts on tax relief, and I support our family-owned businesses and farmers not having to pay the estate tax, but I also know there is a way to set priorities that will make sure we are keeping the promise of Medicare that was set up in 1965.

In 1965, one of the great American success stories was passed by this Congress, and that was the promise of health care coverage for our seniors and the disabled. But because we have changed the way we provide health care today, people are not going into the hospital, probably not going in for an operation; instead, they have the ability—all of us do, and a blessed opportunity—to remain at home, to receive prescriptions rather than having an operation. But Medicare does not cover those outpatient prescriptions.

So the great American success story that was passed in 1965 is no longer providing the promise of health care. We are committed to making sure that we modernize Medicare, that we update it to cover the prescription drugs. I worry, as I see all of the effort going on in the other side of the building by our Republican colleagues, all of the effort of not only one committee but two committees, and two bills, and then we look at what they are providing, and we see that on average they are providing 20 percent of the costs of prescription drugs. That means 80 percent is being paid for out of the pockets of

our seniors. I suggest that is not the best priority for our country.

I am very concerned that this is a complicated system they are setting up. There are gaps between \$2,000 of out-of-pocket expenses a year and \$4,500 or \$5,000—we are not sure which number they will end up with—but that gap leaves no help for a senior with a bill from \$2,500 to \$5,000. That gap between \$2,000 and \$5,000 is a gap leaving seniors to pay the premium while receiving no assistance.

There are serious problems. I am told half of Medicare beneficiaries will receive no drug coverage for at least part of the year. Half of the Medicare beneficiaries will receive no help for at least part of the year under the proposal now being considered in the House of Representatives.

I am also concerned that rather than relying on the Part B premium as we have provided health care to this point to a private sector/private sector-public sector working together on Medicare, they are discussing having private insurance companies create prescription drug-only policies and relying on private insurance companies to provide this coverage.

We hear the insurance companies do not want to write those policies. If those were profitable policies, they would already be writing the policies. It is not profitable to write prescription-only policies for people who need prescriptions. The idea is to spread the risk between those who are healthy and those who need care. Those who are likely to want an insurance policy for prescription drugs probably are using prescription drugs. Insurance industry folks say they are not interested.

What do our Republican colleagues do? They give dollars to the insurance companies to provide this coverage rather than providing it under Medicare. The Republican bill allows Medicare to pay insurance companies more in order to write these policies rather than just using the Medicare process that has worked so well.

There are a lot of flaws. They are using a structure that does not work with private insurance companies rather than having the clout of 40 million seniors under Medicare, enabling a lowering of the prices, using a system that is tried and true; they want to bring in a new system. The reality is there is no interest in the private sector to provide this type of insurance.

We see on the other side of the aisle, and the other side of the building, two committees working on legislation that, in fact, will do little to help our seniors, those with disabilities who need help with prescription drugs. We can do better. We have the opportunity to do better.

I share from this morning's New York Times a portion of a column by Paul Krugman, outlining what is happening. I encourage Members to read this. He says:

... the Senate Democrats have a plan that can be criticized but is definitely work-

able. The House Republicans, by contrast, have a plan that would quickly turn into a fiasco—but not, of course, until after the next election.

He then goes on to say:

... Senate Democrats have a plan that is sensible and workable, but House Republicans surely won't agree to anything resembling that plan. Senate Democrats might be bullied into something resembling the House Republican plan, but since that plan is completely unworkable, that's the same as getting no drug plan at all—which, I suspect, is what the Republican leaders really want in any case.

We are not going to be bullied into a plan that does not do the job. There is no doubt in my mind. We have a commitment. Our seniors have heard for too long, too many election cycles, that Medicare will cover prescription drugs. I know a lot of seniors are saying nothing will ever change. Yet the prices keep going up, the need for care keeps going up, and the choices the seniors have to make keep getting bigger and bigger and bigger.

We can do better than that. We in the Senate are committed to doing better than that. I urge everyone listening today to engage in this fight with us. There are six drug company lobbyists for every one Member of the Senate. We need the people's voice. We are willing and able and determined to bring a comprehensive Medicare prescription drug bill to the floor of the Senate in July. We urge everyone to get involved in this debate.

There are substantive differences in plans and how they will affect seniors and families. We need to get through the smoke and mirrors and down to the facts, look at comparisons, have honest critiques, and pass a bill that works and makes sense. It is time to completely fulfill the promise of 1965 with the passage of Medicare, and 2002 is a great time to do it. It is long overdue.

I invite people to engage in this debate and make sure the best proposal passes and passes quickly. I suggest reviewing [www.fairdrugprices.org](http://www.fairdrugprices.org) and get involved.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. REED). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAMM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### TERRORISM RISK INSURANCE ACT OF 2002—Continued

The PRESIDING OFFICER. The Chair notes that the time between the two Senators is equally divided.

Mr. GRAMM. Mr. President, we are coming down to a vote at 4:45. I intend to vote no. I don't expect many other Members to vote no, nor am I encouraging people to vote no. But I want to try to explain the problem I have and explain a little bit of the history of this bill so people know where we are coming from.

I think we have about 14 minutes each. Is that right?

The PRESIDING OFFICER. The Senator from Texas has approximately 10 minutes 30 seconds.

Mr. GRAMM. Mr. President, when terrorism insurance was first proposed, the whole logic was that we were going to have the Federal Government step in to help provide insurance coverage and pay claims when there was a cataclysmic event.

When we first started debating this issue in the House of Representatives, insurance companies had to pay back money that was paid by the Federal Government over \$1 billion. When we debated it in the Senate, we concluded that if it had to be paid back, you were not providing the assistance we sought, but we were sure when we initially debated this subject we had a very substantial amount of money that the companies had to pay before the Federal Government got in the business of having to pay. The amount the companies have to pay before the Federal Government starts paying is called "retention."

When we first started to debate this issue, and when we reached an initial bipartisan agreement in October, I believe it was that companies were required to pay \$10 billion before the Federal Government came in to pay claims. Above that \$10 billion, the Federal Government was to pay 90 percent of the next \$90 billion. The logic of the retention—the amount that the insurance companies had to pay—was basically, No. 1, that the insurance companies are selling this insurance and collecting premiums. The fact that they would cover the initial cost was immidentally logical.

No. 2, we wanted to protect the taxpayer unless there was a cataclysmic event.

Thirdly, the whole objective of our bill was to try to encourage the development of reinsurance and to encourage syndication so that no one insurance company would write an insurance policy on the Empire State Building. There might be a lead insurance company that would write the policy. But then they would syndicate and sell off part of the insurance to other companies, or they would simply go into a reinsurance market and sell all or part of the policy—the idea being to distribute the risk not just throughout the United States but throughout the world.

When we reached an agreement in October, the companies had to pay \$10 billion before the taxpayer got involved. Many Members of the Senate thought that was too low. We reached an agreement. We announced it, and the White House signed off on it.

We also protected victims of terrorism from punitive damages and predatory losses.

In December, we still had not passed a bill. We were 3 weeks away from 80 percent of the insurance policies in America expiring. There was a belief