Senate will proceed to a period of morning business until the hour of 1 p.m., with Senators permitted to speak therein for up to 10 minutes each and with the first hour under the control of the Senator from Oregon, Mr. WYDEN, the second hour under the control of the minority, and the final hour equally divided and controlled by the two leaders or their designees.

The Senator from Oregon.

HEALTH CARE

Mr. WYDEN. Mr. President, for almost 13 years, it has been considered politically dangerous to come to the floor of the Senate and describe a fresh approach to fixing health care in America. I am going to do that this morning because I do not believe it is morally right for the Senate to duck on health care any longer.

During the Senate's long absence, the skyrocketing costs of health care have hit American communities like a wrecking ball. PricewaterhouseCoopers estimates that health care premiums will rise 11 percent this year, several times the rate of inflation. In America, with the world's best doctors, nurses, hospitals, and other providers, many with health coverage believe they are just one more rate hike away from losing the coverage they have, and more than 40 million Americans have little or no coverage at all.

Just about all of us are baffled about how to purchase the health care that is best for us. In fact, it is easier to get information about the cost and quality of washing machines than it is to get information about health care that can mean life or death. I believe the combination of cost hikes, increases in chronic illness, our aging society, and the disadvantage American employers face in global markets, where their competitors spend little or nothing for health, means our current health system cannot be sustained.

Since health care has been poked and prodded for so many years, I believe it is time for diagnosis and treatment. As usual, it makes sense to start with a look at the financial bottom line. Go there, and it sure looks as if we Americans are spending enough money on medical care. Last year, according to the Center for Medicare and Medicaid Services, Americans spent $2.2 trillion on health care. There are about 300 million of us. You divide 300 million into $2.2 trillion, and it would be possible to send every man, woman, and child in America a check for more than $7,000. Here is another way to look at it: For the money Americans spent on health care last year, we could have hired a group of skilled physicians, paid each one of them $200,000 to care for seven families, and all Americans would have quality, affordable health care. Whenever I mention those figures to a physicians group, it takes about 30 seconds before a doctor stands up and says: Ron, where do I go to get my seven families?

My conclusion, after reviewing the numbers and expenditures for health care: America is spending enough money on medical services; it is just not spending the money in the right places.

While the Senate has taken a pass on fixing health care and redirecting misspent health dollars, several State leaders have stepped forward. In my view, Arnold Schwarzenegger and Mitt Romney deserve substantial credit just for trying to lead on health care. I will discuss in a minute why I do not agree with their decision to continue the link between health insurance and employment, but Governors Schwarzenegger and Romney deserve America's thanks for making it clear that they will not sit quietly by while Washington, DC, slow-walks health care.

As a member of the Senate Finance Committee, I intend to help State officials obtain the special waivers in Federal health programs they need to make Federal dollars in their States stretch further for health care. Having already stated that I believe enough money is being spent on medical services, I am especially interested in helping the States make better use of their existing funds. As a result of the new initiatives in California, Massachusetts, and other States, some in the Congress believe the next few years should be spent watching how the States fare in their efforts. Meaning well, these Congress people believe our role in the Congress should primarily be to ship more Federal money to the States for their reforms and then pretty much call it a day. Respectfully, I disagree. I believe there is no possible way the States can fix health care because the States did not create the major problems in American health care. Who did? The Federal Government, the big spender of health dollars in America, the architect of the policies now driving American health care toward implosion.

Here is how it happened. More than 60 years ago, with wage and price controls in effect, our employers found that they could get good workers by giving them health care benefits. Employer-based health coverage was born and generously greased by the adoption of Federal tax policies that make employer-based health coverage a deductible expense for employers and a tax-free benefit for workers. Soon most workers came to get their health coverage through their employer. It became the norm for talented workers to quickly ask prospective employers: Say, tell me about your health package.

Today, these Federal tax breaks total more than $200 billion annually. The cost, however, involves more than dollars. These tax breaks go disproportionately to the wealthiest in America and subsidize inefficiency to boot. A high-flying CEO at a major corporation can write off the cost of Cadillac health coverage or even getting a designer smile for his face, while the folks at the corner hardware store lack company health coverage and get nothing. With employer-sponsored health coverage, an individual worker is largely in the dark about whether they have been overcharged for health care, and the Tax Code allows for a writeoff for wasteful spending. These Federal tax policies that reward regressive practices and inefficient health spending are taking a large and growing toll.

For example, an increasing number of the uninsured work at small businesses, like the hardware store that fares so poorly under the Federal Tax Code. Because these small businesses cannot afford health care for their workers, these workers often ignore their illnesses until they can bear it no longer. Their next stop—the hospital emergency room, where the medical bills generated by the uninsured are often passed on to the insured and to taxpayers.

My next picture shows where we are headed with the employer-based health coverage. In an era where such cost shifting is widespread and some companies spend almost as much on health care as they make in profit, employer-based health coverage is melting away similar to this popsicle on the summer sidewalk in August.

If PricewaterhouseCoopers is right and health premiums rise another 11 percent this year, those with employer-based coverage will face another round of big copayments for their health care, more deductibles, and additional benefit reduction this year. Their choice is likely to be worse coverage or no coverage.

Recently, a woman in her fifties came to one of my town hall meetings in Oregon and said:

> I just hope my employer can keep offering health benefits and I can hang in there until I get Medicare.

I believe this Senate ought to act when hard-working Americans go to bed at night worried about the prospect of losing their health coverage when they get up in the morning. Now, you could argue that 60 years ago employer-based health coverage made sense. That was before U.S. employers faced determined global competition, U.S. workers changed jobs seven or eight times by the age of 35, and American society became more mobile. It surely doesn't make sense today.

I believe you cannot fix American health care without changing our system of employer-based health coverage and the Federal tax breaks that lubricate it. I believe you cannot fix American health care without changing the incentives that drive our choices and our behavior. Not a State in the Union has the power to bring this about. We in the Senate do.

In a few days, after some additional consultation with colleagues, I will introduce legislation that offers a fresh and different approach to fixing health care in America. I call the legislation the Healthy Americans Act, and it is based on four judgments about health care I have made.

First, Democrats have been correct in saying that to fix health care everybody must be covered. This concept, of course, is known as universal coverage. Republicans, in my view, have been correct in saying there must be more personal responsibility and personal involvement in making health care choices than there is today.

Second, there is a model for fixing health care that every single Senator—every Member of Congress—knows something about. It is the system that serves Members of Congress and their families, offering the Members of this body high-quality, affordable, private health coverage with lots of choice.

Third, America doesn't have health care at all; it has sick care. For example, Medicare Part A will write checks for thousands of dollars so that a senior can be treated in the hospital after they have had a heart attack or a stroke. Medicare Part B—the part of the program that covers outpatient services—provides no incentives for changing the behavior that led to the chronic illness and landed the senior citizen in the hospital. Certainly, it is clear that preventing disease, not just treating disease, must be a bigger part of America's health care future.

Fourth, in my view, you cannot fix American health care if you hurt the middle class who have coverage in order to help those who do not. To fix American health care, you must prove that all Americans have the opportunity to get ahead, starting with their first paycheck under a new health care plan—the Healthy Americans Act that I have drafted and has been posed at my Web site at wyden.senate.gov. Included at this site is a written evaluation of the legislation, done by the Lewin Group. The Lewin Group has been called the gold standard of health care actuarial data.

Their evaluation is clear. Under the Healthy Americans Act, all Americans can be guaranteed a lifetime of private health coverage, at least as good as their Member of Congress receives, for no more than our country spends on health care today. In addition, fixing American health care can be done more quickly than imagined—within 2 years after a reform law is passed—and produce more than $4 billion in savings in the first year, while expanding coverage.

The next chart is especially important because it shows that the Healthy Americans Act will slow the rate of growth in health care spending by almost $1.5 trillion over the next 10 years. The distinguished Presiding Officer is an expert in foreign affairs and our policy with Iraq. I am sure that as he looks at the chart, he can see that, according to the Lewin Group, the amount of money that would be saved in slowing the rate of growth in health care spending is several times—threefold—the amount of money our country has spent on the war in Iraq.

Mr. President, it doesn't take long to explain how the Healthy Americans Act works. It starts by going where Arnold Schwarzenegger and Mitt Romney would not. It cuts the link between health insurance and employment altogether. Under the Healthy Americans Act, businesses paying for employee health premiums are required to increase their workers' paychecks by the amount they spent last year on their health coverage. Federal tax law is changed to hold the worker harmless for the extra compensation, and the worker is required to purchase private coverage through an exchange in their State that forces insurance companies to offer simplified, standardized coverage, and prohibits them from engaging in price discrimination.

Now, requiring employers to cash out their health premiums, as I propose in the Healthy Americans Act, is good for both employers and workers. With health premiums going up 11 percent this year, employers are going to be glad to be exempt from these increases. With the extra money in their paycheck, workers have a new incentive to shop for their health care and hold down their cost. If a worker in Virginia can save a few hundred dollars on their health care purchase, they can use that money so that one of the constituents of the Presiding Officer can be on their way to Oregon to get in some sensational fishing.

In addition, the Healthy Americans Act is easy to administer and guarantees lifetime health security. Once you have signed up with a plan through an exchange in the State in which you live, that is it; you have completed the administrative process. Even if you lose your job or you go bankrupt, you can never have your coverage taken away. Sign up, and the premium you pay for the plan and all of the administrative activities are handled through the tax system. For those who cannot afford private coverage, the Healthy Americans Act subsidizes their purchases.

Businesses that have not been able to afford health coverage for their workers, under the new approach, will pay a fee—one that is tiered to their size and revenue, with some paying as little as 2 percent of the national average premium amount per worker for that basic benefit package. Mike Roach, the owner of the 8-person Paloma clothing firm in Portland, OR, is a 30-year member of the National Federation of Independent Businesses, and he was instrumental in ensuring that this legislation was small business friendly every step of the way.

Mr. President, that is pretty much it, in terms of how the Healthy Americans Act actually works. It will be easy to administer, locally controlled, with guaranteed coverage as good as your Member of Congress gets; and on top of it, there is a model for delivering it that the distinguished Presiding Officer and everybody else in this body knows about. Page 12 of the Lewin report on my Web site shows how the Healthy Americans Act expands coverage for millions of people, guaranteeing health benefits as good as their Member of Congress gets, while saving $4.5 billion in health spending in the first year. Money is saved by reducing the administrative costs of insurance, reducing cost shifting, and preventing those needless hospital emergency room visits. Also, there are substantial incentives that come about because insurance companies would have to compete for the business of consumers, who would have a new incentive to hold down health costs, which I have already described as the Virginian's opportunity to go fishing in Oregon.

There are other parts of the Healthy Americans Act I wish to describe briefly.

As the name of the legislation suggests, I believe strongly that fixing American health care requires a new ethic of health care prevention, a sharp new focus in keeping our citizens well, and trying to keep them from falling victim to skyrocketing rates of increase in diabetes, heart attack, and strokes.

Spending on these chronic illnesses is soaring, and it is especially sad to see so many children and seniors fall victim to these diseases. Yet, many Government programs and private insurance devote most of their attention to treating Americans after they are ill and give short shrift to wellness.

Under the Healthy Americans Act, there will be for the first time significant new incentives for all Americans to stay healthy. They are voluntary incentives, but ones that I think will make a real difference in building a national new ethic of wellness and health care prevention.

Parents who enroll children in wellness programs will be eligible for discounts in their own premiums. Instead of mandating that parents take youngsters to various health programs—and maybe they do and maybe they don't—the Healthy Americans Act says when a parent takes a child to one of those wellness programs, the parent would be eligible to get a discount on the parent's health premiums.

Under the Healthy Americans Act, employers who financially support health care prevention for their workers get incentives for doing that as well. Medicare is authorized to reduce outpatient Part B premiums so as to reward seniors trying to reduce their cholesterol, lose weight, or decrease the risk of stroke. It has never been done before. For example, Part B of Medicare, the outpatient part, doesn't offer any incentives for older Americans to change their behavior. Everybody pays the same Medicare Part B premium right now. The Healthy Americans Act proposes we change that and ensures that if a senior from Virginia or Oregon or elsewhere is involved in a wellness program, in health care prevention efforts, like smoking cessation, they could get a lower Part B premium for doing that.

The preventive health efforts I have described are promoted through new

voluntary incentives under the Healthy Americans Act, not heavy-handed mandates. Under the Healthy Americans Act, there is no national nanny established under the legislation to watch who is hitting the snack food bowl.

What this legislation says is—let's make it more attractive for people to stay healthy, to change their behaviors, to promote the kind of wellness practices we all know about but somehow don't seem to find time to actually get done in our hectic schedules.

Finally, and most importantly, the Healthy Americans Act does not harm those who have coverage in order to help those who do nothing. The legislation makes clear that all Americans retain the right to purchase as much health care coverage as they want. All Americans will enjoy true health security with the Healthy Americans Act, a lifetime guarantee of coverage at least as good as their Member of Congress receives.

Most American families will obtain this coverage with either their premiums reduced from what they pay today or for less than a dollar a day more. That can all be seen in the Lewin chart as No. 10 at my Web site. In addition, all Americans benefit from the reduced administrative costs the legislation produces, the insurance reforms, and, of course, the new focus on prevention.

I am now going to explain briefly how care for the poor is handled under the Healthy Americans Act and why this is good for both low-income people and taxpayers. This is especially important in light of a recent article in the health policy journal, ''Health Affairs.''

This article points out that more than half of the Nation's uninsured are ineligible for public programs such as Medicaid, but do not have the money to purchase coverage for themselves.

At present, for most poor people to receive health benefits, they have to go out and try to squeeze themselves into one of the categories that entitles them to care. So what we have, Mr. President, in Virginia, in Oregon, and elsewhere, is citizens trying to crunch themselves into one of these boxes, one of these categories that might make them eligible for health care in Virginia or Oregon.

As former Oregon Gov. John Kitzhaber has noted, there are more than 20 different categories of Medicaid. Administrating all of this takes funds, in my view, that ought to be spent caring for poor folks in America.

Under the Healthy Americans Act, low-income people will receive private health coverage, coverage that is as good as a Member of Congress gets, automatically. Like everyone else, they will sign up through the exchange in their State. When they are working, the premiums they owe are withheld from their paycheck. If they lose their job, there is an automatic adjustment in their withholding.

In addition, under the Healthy Americans Act, it will be more attractive for doctors and other health care providers to care for the poor. Those who are now in underfunded programs, such as Medicaid, are going to be able to have private insurance that pays doctors and other providers commercial rates which are traditionally higher than Medicaid reimbursement rates.

Because low-income children and the disabled are so vulnerable, if Medicaid provides benefits that are not included in the kind of package Members of Congress get, then those low-income folks would be entitled to get the additional benefits from the Medicaid program in their State.

I am now going to explain how Medicare is strengthened by the Healthy Americans Act.

As the largest Federal health program, Medicare's financial status is far more fragile than Social Security. Two-thirds of Medicare spending is now devoted to about 5 percent of the elderly population. Those are the seniors with chronic illness and the seniors who need compassionate end-of-life health care. The Healthy Americans Act strengthens Medicare for both seniors and taxpayers in both of these areas.

In addition to reducing Medicare's outpatient premiums for seniors who adopt healthy lifestyles and reduce the prospect of chronic illness, primary care reimbursements for doctors and other providers get a boost under the Healthy Americans Act. Good primary care for seniors also reduces the likelihood of chronic illness that goes unmanaged. This reimbursement boost is sure to increase access to care for seniors—and I see them all over, in Oregon and elsewhere—who are having difficulty finding doctors who will treat them.

To better meet the needs of seniors suffering from multiple chronic illnesses, the Healthy Americans Act promotes better coordination of their care by allowing a special management fee to providers who better assist seniors with these especially important services.

Hospice law is changed so that seniors who are terminally ill do not have to give up care that allows them to treat their illness in order to get hospice. In addition, the Healthy Americans Act empowers all our citizens wishing to make their own end-of-life care decisions.

The legislation requires hospitals and other facilities to give patients the choice of stating in writing how they would want their doctor and other health care providers to handle various end-of-life care decisions.

The tragic case of the late Terri Schiavo came before the Senate before the distinguished Presiding Officer of the Senate had joined this body, but I was particularly struck during that debate and afterwards how strongly the American people feel about making sure that the patient and not Government gets to drive all of the decisions surrounding their end-of-life care. Under the Healthy Americans Act, that would be the norm rather than the exception.

In writing this legislation, I spent a lot of time looking back—looking back literally over 60 years—since Harry Truman tried to fix health care in the 81st Congress in 1945. I tried to make sure, particularly, that the lessons of 1994 were ones the Senate would pick up on and make sure that the same mistakes were not committed again.

For example, in 1994, the last time this Senate considered fixing health care, the principal piece of legislation before the Senate was 1,369 pages long. The Healthy Americans Act posted at my Web site saves a lot of Oregon trees by coming in about 1,200 pages shorter.

In 1994, getting to universal coverage was, in effect, put before securing the savings to responsibly finance an expansion of coverage. The Healthy Americans Act, as noted in the Lewin report, generates billions of dollars in savings in the first year as the legislation is implemented.

In 1994, the principal method of financing universal coverage was an employer mandate. The Healthy Americans Act requires no such employer mandate, provides financial relief for employers competing in tough global markets, and still ensures that every business takes some measure for financing health care in a way that is going to allow those businesses to be competitive in tough global markets. In 1994, there was never a coalition of employers, union leaders, and patient advocates behind a specific piece of legislation. Now, Andy Stern, president of the 1.8 million-worker Service Employees International Union; Steve Burd, CEO of Safeway with more than 200,000 workers, patient advocates representing various points of view, and employers of all sizes have joined behind the Healthy Americans Act.

There is also a moral question I would like the Senate to consider. Given what I have just outlined, how can this Senate justify denying all Americans health care coverage as good as Members of Congress receive? The Lewin report proves it can be done—proves it can be done without spending more money than the country spends now and, in fact, can be done saving more than $4 billion in the very first year.

There is a model for putting reforms in place: the system enjoyed by all the Senators serving in this body today. Fixing health care under the Healthy Americans Act will reduce administrative hassle and expense and allow all our citizens finally—finally—to go to bed at night without fear of losing essential medical care.

I want 2007 to be the year when the Senate, as well as the various State governments, step up on health care. The States deserve our support, but they cannot possibly remedy the health problems created by Federal leaders in this city more than 60 years ago. The Senate can provide this remedy. Here on this floor, the Senate can

acknowledge that the employer-based system of health coverage that worked back in 1945 no longer makes sense for 2007. We can acknowledge, as I have done today, that I think Democrats are right about making sure that everybody gets covered and Republicans are right about promoting personal responsibility and more personal involvement in making health care choices. We can end 13 years of ducking on health care, 13 years of slapping Band-Aids on health care, and roll up our sleeves and go to work. A lot of it—and I know the distinguished President of the Senate has been to many community meetings in his home State of Virginia—simply means following up on what constituents say at home.

Every time health care comes up when I have community meetings somebody usually says, ''Well, I guess we ought to go to what is called a single payer system. You know, one where the Government essentially runs it and you don't have these private insurance companies.''

After somebody at a town meeting says we ought to have a single payer system, somebody else says, ''No, we already voted on that.'' In fact, Oregonians did. They voted against a single payer system by more than 3 to 1 just a few years ago.

But the other speakers say, ''We don't want all that Government. We don't want the Government to make all the decisions.''

So after a bit, somebody raises their hand at one of my townhall meetings and says, ''Ron, what we want is what you Members of Congress have. We want health care coverage like you have.''

Then everybody in the room shakes their head in agreement.

So much of what I propose in the Healthy Americans Act comes from those townhall meetings that I hold in all of Oregon's 36 counties. I have an approach that guarantees benefits like Members of Congress have; that is delivered in the same way; and that can actually be implemented with the very first paycheck that a worker gets under the new system.

Part of the reason I have written this legislation as I have has been to ensure that the Congress and the Federal Government could pick up some lost credibility on health care. My sense is that after the debate of 1994 on health care in America a lot of Americans said: The United States Congress can't figure out how to put together a two-car parade let alone a reform that involves one-seventh of the American economy.

That is why I have written this legislation so it can be understood and the effects can be seen from the time the very first paychecks go out under the legislation. The legislation works in a way that will be attractive to both workers and employers.

So I have spent a lot of time listening to my constituents as I brought together the various principles that are contained in the Healthy Americans Act. I know colleagues in this body have other ideas.

I would like to wrap up by simply saying I think health care has been studied enough. It has been commissioned. It has been blue-ribboned. It has been the subject of white papers, blue papers, pink papers, papers of every possible description. It is time for the Senate to act. The Senate has ducked on health care for almost 13 years. Health care and Iraq are the driving issues that our citizens care about most. It is time to fix health care, and I think with the Healthy Americans Act, this body can get the job done.

Mr. President, I yield the floor, and I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. WYDEN. Mr. President, I ask unanimous consent that the time today from 4:30 to 5:30 be equally divided and controlled between the two leaders or their designees, and that 10 minutes of the majority's time be allocated to Senator FEINGOLD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WYDEN. Mr. President, I ask unanimous consent that the majority leader be recognized at 12:30 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WYDEN. Mr. President, I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRESCRIPTION DRUGS

Mr. GRASSLEY. Mr. President, I am going to proceed in morning business, but I want to welcome the new Senator from Virginia to the Senate. I look forward to serving with him. I am sorry that maybe the Senator's first time being in the chair he has to listen to my speech, but I am very glad to have the opportunity to speak to you and Members of the body and the people of the United States about a very important issue that is going to be coming before us. This is an issue that I have been speaking about for the last several days on the floor. In fact, I think 4 days last week I did. I talked about the Medicare prescription drug benefit and the so-called prohibition on Government negotiation with drugmakers for low prices. I spent time doing that because people need to understand that some proposals could have drastic consequences, not only for Medicare and the beneficiaries of Medicare but also for anyone else who buys prescription medicine.

I want to make this very clear because when you are talking about seniors and the disabled on Medicare, and on prescription drugs, you might get the impression that we make a decision here, and the only people it is going to affect are those on Medicare. But I hope I made it very clear last week, and I am going to go over this again today.

In other words, if we change Medicare in this instance dealing with the prices of prescription drugs, it will increase prices of prescription drugs for everybody. It is not going to impact just those on Medicare, the decisions we make. I have said it before, and I say it again: Having the Government negotiate drug prices for Medicare might be a good sound bite, but it is not sound policy if it is going to increase the price of prescription drugs for everybody regardless of age in the United States.

I think the House bill, which is numbered H.R. 4 and passed the House last week, very definitely falls into that category. It may be a good sound bite. It may be very politically beneficial. But a good sound bite is not good policy. It will be bad for Medicare beneficiaries and other consumers of prescription drugs.

That outcome was voiced by witnesses just last week when they appeared before the Senate Finance Committee, chaired by the Senator from Montana, Senator BAUCUS.

At that hearing, one of the witnesses, Dr. Fiona Scott Morton, a professor of economics at Yale University, made a key point about the size of the Medicare market and when you deal with the price that Medicare recipients pay for drugs, the fact that it has negative consequences for everybody else in America.

She pointed out that of course we all want to obtain discounts for drugs for seniors. But she said:

> With close to half of all spending being generated by those seniors, whatever price they pay will tend to be the average price in the market.

Her point is, if you are half of the market, the math makes it virtually impossible for your prices to be below average. Dr. Scott Morton said that because Medicare is so large, if drugmakers had to give it the lowest price they give any customer, they would have a strong incentive to increase their prices for everybody else.

Professor Scott Morton also stated:

> This approach to controlling prices harms all other consumers of pharmaceuticals in the United States and is bad policy.