

practices against women, provides security and stability for people with insurance, expands access to health insurance for those without it, and slows down the skyrocketing cost of health care. Women across America cannot afford inaction any longer.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. Mr. President, I thank Senator HAGAN very much for her comments and her observations about how the current health care system, the current rules of insurance, including the ability to turn down patients and to deny folks with pre-existing conditions, works to discriminate against women and prevent preventive health care.

We will now turn to Senator KIRSTEN GILLIBRAND of New York. As a Member of the House of Representatives, Senator GILLIBRAND was a champion of children's and family health care issues and was a leading voice on the need to improve health care services for America's veterans.

I yield my friend from New York 4 minutes.

The PRESIDING OFFICER. The Senator from New York.

Mrs. GILLIBRAND. Mr. President, right now we are engaged in a historic debate about the future of our health care system. The crisis has reached historic proportions, and Congress must act now.

In 2000, family health insurance purchased through an employer was approximately \$6,700. In 2008, it nearly doubled to \$12,600. If we do not act now, by 2016, family health insurance is expected to double again, to nearly \$24,300.

We pay nearly twice the average of what other developed nations pay for health care: \$2.2 trillion a year—more than 16 percent of our gross domestic product. However, the United States ranks 29th in the world in infant mortality.

We have more than 47 million uninsured Americans. In 2007 and 2008, 86.7 million Americans—1 out of every 3 Americans under 65—went without health insurance for some period of time.

There is a hidden tax in America's health care system that all insured Americans pay to cover the cost of emergency care for the uninsured. For more than half of the 47 million Americans who do not have insurance, the only care they receive is through the emergency room. In fact, that hidden tax costs about \$1,100 per year for family insurance premiums and over \$400 per year for individual insurance premiums.

Every day we fail to act, 14,000 Americans lose their health insurance. We must provide affordable, quality health insurance to every man, woman, and child in this country. But we also must take additional steps to contain costs and make sure our system is more efficient. The health care reform plans we

are considering today will address a number of these issues.

First, health care providers will be rewarded for the quality of the care they provide, not just the quantity. Hospitals and clinics around the country will model the success at places such as Bassett Healthcare which is in Cooperstown, NY, and is one of the leading health care providers in terms of positive outcomes because of the quality of care. We will also employ new methods to reduce medical errors through accountability and through health care IT, and prevent costly illnesses through better care management, through diet, exercise, and preventing diseases, such as preventing childhood obesity.

Second, we will address the needless redtape and excessive administrative costs in our current health care system. Senate health insurance reform combats this problem by setting administrative standards that insurance companies must meet, and providing new tools to combat fraud. I would like to see a universal, one-page form that all people can use for reimbursements for all insurance companies that can be submitted on line. Changes like that could transform efficiencies in the market.

Finally, we will make use of health care technology that could reduce health care spending by \$77 billion a year. Currently, just 1 in 25 American physicians utilizes fully functional electronic medical records. Senate health insurance reform expands the use of electronic prescribing, electronic health records, and electronic support for diagnosis and treatment options. Studies have shown that one out of every four tests is needlessly done because there is no record of that test. This must change.

We know our Nation's health care costs are steadily bankrupting our government and our citizens, and we owe it to every generation that comes after our own to act now.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. Mr. President, I thank my Democratic freshmen colleagues for coming to the floor today to talk about our broken health care system and the absolute necessity to control costs in this system, that we are on a train headed for a wreck. It is making it so difficult for families and small businesses and large businesses to afford health care, to establish a high quality of life, strong, thriving small businesses and international competitiveness for our large businesses. We can and must improve our health care system. The moment is now.

I thank my colleagues for coming to the floor and sharing their vast experience in so many different capacities and bringing it to bear on this challenge that touches the life of every single American.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

ORDER OF PROCEDURE

Mr. ALEXANDER. Madam President, I ask unanimous consent that the Senator from Georgia and I be permitted to engage in a colloquy.

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

Mr. ALEXANDER. Madam President, I ask if the Acting President pro tempore will let me know when we have 5 minutes remaining on the Republican side.

The ACTING PRESIDENT pro tempore. All right.

HEALTH CARE REFORM

Mr. ALEXANDER. Madam President, the Senator from Georgia and I wish to talk a little bit today about the health care plans coming through. Fundamentally, our position is that we do not want to see another Washington takeover. We are deeply concerned about the cuts in Medicare that will affect seniors, about the taxes—both the increase in Federal taxes and State taxes, which we will talk more about—about the trillion dollars in new spending, and about the threats to the health care choices the legislation coming through would pose.

Instead of such a large enterprise as what I have just described, we would propose that we take practical, small steps to reducing costs such as allowing small businesses to pool their resources, reducing junk lawsuits against doctors, allowing consumers to purchase across State lines, and creating health insurance exchanges. There are other steps that could be taken; in other words, instead of scaring the country half to death with new taxes and Washington takeovers and threatening their health care choices, let's don't throw the whole system out. Let's take practical steps to reduce costs and to improve services.

Today we wish to specifically talk more about two government-run programs that already exist. One is Medicaid, which is the program for low-income Americans that today serves about 59 million Americans. About 60 percent is paid for by the Federal Government and about 40 percent by the States. The second is Medicare, which seniors know very well because about 40 million American seniors are dependent upon Medicare. We are concerned because the proposals coming through the Senate Finance Committee would shift costs of Medicaid to the States, causing State budgets to be put in ruin, according to the Governors of those States, and either taxes go up or services are cut. We are concerned because the President and others have said we are going to pay for this big new program by savings in Medicare, not to be put in Medicare for seniors, but for the new program.

A lot of people say it is hard to find opportunities for bipartisanship when we talk about health care, but I think

I have found one. I am on the Senate floor today to say I would like to be a cosponsor of the Reid amendment, the proposal by the majority leader of the Senate—the respected HARRY REID from Nevada. The New York Times reported yesterday that the majority leader had heard from his Governor and from other people in his State, and he was deeply concerned about the legislation that is coming through because it would increase costs in Nevada.

In fact, I have a copy of the letter from the Governor of Nevada to majority leader HARRY REID, and it says: As you know, like the U.S. Constitution, most State constitutions require a balanced budget, including Nevada. Nevada will spend \$907 million for programs on Medicaid. This is about 14 percent of our budget. We can't afford more taxes. Revenues are down.

So the majority leader did exactly what I think a Senator would do. He introduced an amendment, or proposed an amendment, to the Senate Finance Committee and said: Take care of Nevada. If the Federal Government is going to expand coverage for Medicaid, then the Federal Government ought to pay for it.

That is exactly what I believe. That is exactly the opinion of all of the Governors. The National Governors Association, of which I used to be chairman, has said to us: If you are going to expand Medicaid, if that is your big idea in Washington, then pay for it.

Nothing irritates Governors and legislators more than Washington politicians who come up with big ideas, announce them, take credit for them, and then send the bill to the Governor and the legislature. I was a Governor. The Senator from Georgia was in the Georgia Legislature for 17 years. He was the leader of the Republicans in the senate for 8 years. He knows a good deal about State budgets and about the Medicaid Program and how it is an integral part and a very difficult problem for State governments.

I am wondering if the Senator from Georgia thinks there might be opportunity for more bipartisan support for Senator REID's amendment to have the Federal Government pay for 100 percent of Medicaid costs if Medicaid is expanded.

Mr. ISAKSON. Well, I think the majority leader is exactly right. There is a prime example of what happens when the Federal Government mandates a benefit or a program and doesn't pay for it; the States end up having to do it. Just take No Child Left Behind or take the Elementary and Secondary Education Act, and IDEA. Back in 1978 we mandated funds to be appropriated for individuals with disabilities in America. In fact, we mandated States spend 40 percent per FTE more on a special needs child than on a regular child. We never sent them a dime for about 20 years. We finally, in 1999, started paying part of that 40 percent. Now we are only paying half of it.

So now we take Medicaid. Medicaid is a program, for the people out there

who are listening today, where the States pay about one-third of Medicaid and the Federal Government pays about two-thirds. It changes a little bit, but that is about right. The State runs the program; the Federal Government mandates the program.

When I was first elected to the Georgia Legislature, the expenses for Medicaid the year I was elected in the State budget were \$20 million, State funds. That was 1 percent of the State's \$2 billion budget. Now, today, this year, even with all of the cuts that have taken place, Medicaid is 12 percent of Georgia's budget. So it has grown from 1 percent of the budget to 12 percent of the budget in about 30 years.

Plans in the health care bill that are being talked about in the Finance Committee and that have been talked about in the House would mandate an increase of 150 percent—from 100 percent of poverty to 150 percent of poverty for Medicaid eligibility. It is said the States will be held harmless until 2013 or 2014 but no promises after that.

Let me tell my colleague what would happen to my State of Georgia if we raised mandatory eligibility to 150 percent of poverty and the State paid its third of that one-third, two-thirds matched by the Federal Government. It would raise Georgia's Medicaid budget expenses annually from 12 percent of our budget to 20 percent of our budget, \$3.32 billion. States can't afford to do that.

As the Governor of Nevada said, 43 of our States can't deficit spend; 43 percent of our States must balance their budgets. Medicaid has been carved on and worked on as it is to try and preserve it under the existing law. With a 150-percent increase in eligibility and no funds from the Federal Government guaranteed, the States would be put in a position of spending one penny out of every five on Medicaid, which is about 12 percent of my State's population. That is disproportionate and it is not fair.

I think Senator REID is exactly right. Our States should be held harmless on any mandated increases in Medicaid.

Mr. ALEXANDER. Mr. President, going back to the Senator's point, the thing I think about, those of us who have been a Governor or in the legislature—in fact, I have said to some of my colleagues many times that if we expand Medicaid for low-income Americans—which States have to pay a third or more of—without paying for it, that we Senators ought to be sentenced to go home and serve as Governor for 8 years to see what it is like. I mean that because I can remember as Governor for 8 years balancing budgets, first I would come up with the money for kindergarten through the 12th grade—that was a pretty set amount—then for the highways, and then for the prisons, and I would get down toward the end and there would be a certain amount of money left to either go into higher education or it would go for increasing

Medicaid costs. Almost always that was the choice. If I put it into Medicaid, I had to take it out of education, and that would keep the University of Tennessee or Georgia or the community colleges from getting better.

Guess what happens when the State can't put the money in. The tuition rates go up.

Mr. ISAKSON. It is interesting the Senator talked about that. By the way, his experience as Governor was a great experience for Tennessee, and the Senator's leadership in education was phenomenal. But already with the restricted economy we have today and the recession in my State, our teachers this year are having to take a minimum of 3, and at the university system a maximum of 6, furlough days without pay just to try and meet the balanced budget. Part of that is the pressure of Medicaid, which is an entitlement. We cannot decide to just not pay Medicaid, we have to do it. It is a Federal law; the State has to run it.

What the States are having to do this year—my State of Georgia and I think the State of Tennessee has probably experienced some of the same thing—they are having to cut back on other programs in order to still manage Medicaid.

In a State, when they say "other programs," they are talking first and foremost about education. In Georgia, 54 percent of the budget is the university system and elementary and secondary education, one out of every two cents. Well, if they can't cut Medicaid because it is an entitlement, then they have to cut education first and foremost, which is the most important function of State government. So the unintended consequences of such a mandate are going to be devastating. They only have two choices: to continue to cut education or to raise taxes. Neither one of those are a good choice.

Mr. ALEXANDER. There is an article in the New York Times today which I ask unanimous consent to have printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 1, 2009]

RATE OF ENROLLMENT IN MEDICAID ROSE RAPIDLY, REPORT SAYS
(By Kevin Sack)

The recession is driving up enrollment in Medicaid at higher than expected rates, threatening gargantuan state budget gaps even as Congress and the White House seek to expand the government health insurance program for the poor and disabled, according to a survey released Wednesday.

The annual survey of state Medicaid directors, conducted for the Kaiser Family Foundation's Commission on Medicaid and the Uninsured, found that the program had been spared the worst effects of massive state budget shortfalls because of federal aid in the stimulus package. But it also revealed grave concerns about what will happen when that relief dries up at the close of 2010.

As unemployment surged, enrollment in state Medicaid programs grew by an average of 5.4 percent in the previous fiscal year, the

highest rate in six years, according to the Kaiser survey. In eight states, the growth exceeded 10 percent.

Last year's average growth was well above the 3.6 percent that had been forecast by the Medicaid directors a year earlier. In this year's survey, the directors projected that enrollment would continue to accelerate in the current 2010 fiscal year, growing by 6.6 percent.

The states and the federal government share the \$333 billion annual cost of Medicaid, which insured 62 million low-income and disabled people at some point in 2007. It is the states, however, that regulate that spending by setting eligibility cutoffs, benefit levels and provider payments, within federal guidelines.

The Kaiser survey found that the growth in Medicaid spending in 2009, at 7.9 percent, was the highest in five years. That number also may increase this fiscal year. Three-fourths of the agency directors said they already fear their appropriations will not be enough and that lawmakers will have to find more money or, more likely, cut benefits or provider payments.

One such state is Nevada. "We're seeing the trajectories of our enrollment growth as well as our revenues all going in the wrong direction," said Charles Duarte, administrator of the state's Division of Health Care Financing and Policy.

Medicaid is, by definition, a counter-cyclical program. Demand for it is always highest at the time that states can least afford it because of slumping tax revenues.

The highest spikes in Medicaid enrollment often trail the worst recessionary indicators. It was not until a year after the 2001 recession that the growth in Medicaid enrollment peaked at 9.3 percent.

Vernon K. Smith, who directed the survey for Health Management Associates of Lansing, Mich., said he doubted that enrollment growth would reach that level as a result of this recession, but that it was not out of the question. "Significantly many states said the pace of growth accelerated as the year went on," he said.

Some states did cut certain Medicaid benefits last year, and two-thirds of them either froze or reduced payments to providers. Those payments are typically the lowest made by any insurer—often falling below actual costs—and as a result some physicians decline to accept patients with Medicaid.

Nonetheless, state budgets were buffered from even worse pain by the federal stimulus package enacted in February. The largest single component of state aid in the package, worth about \$87 billion, provided a temporary increase in federal Medicaid reimbursement to the states.

The survey found that 38 states used the money to avoid or reduce cuts in provider payments and that 36 avoided benefit cuts. Because the federal money was conditional on states not reducing eligibility for Medicaid, 14 states reversed previously enacted restrictions and five abandoned plans to tighten coverage.

But state officials are already panicking about how to compensate when the spike in federal matching funds expires at the end of 2010. Few anticipate any significant reduction in their Medicaid rolls by then.

"Many states believe they may be pressured to consider previously unthinkable eligibility and benefit reductions," the Kaiser report concluded. Unless Congress and President Obama extend the federal aid, the cuts needed to balance state budgets may be "on a scale not ever seen in Medicaid," the authors warned.

"What we will have to look at is wholesale elimination of eligibility groups," Mr. Duarte said.

Deborah Bachrach, New York's Medicaid director, said her state would face a \$5 billion annual gap and would have to consider deep cuts in home and personal care.

Both Mr. Duarte and Ms. Bachrach said there likely would be further cuts in provider payments. "This could affect access," Mr. Duarte said, "but we're at the point where that may be a secondary consideration."

Governors also have expressed concern about the fiscal impact of the health care legislation being negotiated in Washington, which would vastly expand eligibility for Medicaid as one means of covering the country's 46 million uninsured.

The program is largely limited at present to low-income children, pregnant women and parents of qualifying children. But under bills in both houses, eligibility would be granted to anyone with an income of up to 133 percent of the federal poverty level (currently \$29,326 for a family of four). That could add an estimated 11 million people to the rolls.

Initially, the federal government would absorb most of the cost. But the bills vary on that score and some states may bear higher costs than others. Three-fourths of the Medicaid directors said they thought the changes might deepen their budget holes.

"Many officials felt that their states would be unable to finance the cost of a Medicaid eligibility expansion unless the federal government assumed 100 percent of the costs, especially during the early years," the report said.

Mr. ALEXANDER. Mr. President, the headline is "Rate of Enrollment in Medicaid Rose Rapidly, Report Says."

The recession is driving up enrollment in Medicaid at higher than expected rates, threatening gargantuan State budget gaps—

This is the New York Times; this is not the Republican Party saying this—even as Congress and the White House seek to expand the government health insurance program for the poor and disabled.

It goes on to say:

As unemployment surged, enrollment in State Medicaid programs grew by an average of 5.4 percent in the previous fiscal year, the highest rate in 6 years . . . in eight States, the growth exceeded 10 percent.

Three-fourths of the agency directors of Medicaid said they already fear their appropriations will not be enough and that lawmakers will have to find more money or, more likely, cut benefits or provider payments.

One such State is Nevada.

The home State of the majority leader.

We're seeing the trajectories of our enrollment growth as well as our revenues all going in the wrong direction—

Said their head of financing. State budgets were buffered from even worse pain by the stimulus package, but the New York Medicaid director said her State would face a \$5 billion annual gap and would have to consider deep cuts in home and personal care, and that is before we make any changes or add any costs.

When the Federal Government talks about adding State Medicaid costs:

Three-fourths of the Medicaid directors—

The New York Times said—said they thought the changes might deepen their budget holes.

What do you suppose in Georgia—already struggling in the way you have

just described—would happen if—and this is why we said we insist on reading the bill before we vote on it and knowing how much it costs before we vote on it. We want to know exactly what the provisions are because I hear that States will be required to pay 5 to 22 percent in the first 5 years of the Medicaid expansion, and then after 5 years they might have to go up to 35 percent or so.

What do you suppose will happen to Georgia if these kinds of costs are added to the State budget?

Mr. ISAKSON. I will tell you a little story that happened in the month of August that is indicative of what is going to happen in Medicaid services if we have the continuing pressure. I was in Forsyth, GA. It is about halfway between Macon and Atlanta. I had done a speech at the Law Enforcement Training Center and decided to go into the local sandwich shop in downtown Forsyth and have a sandwich and greet people and say hello. I had greeted people and said hello. There were about 10 of them in the room. I went up to get my sandwich. When I came back this lady had circled all the tables around and saved a seat for me, and said: Senator, we are going to have a townhall meeting. They started talking to me about their concerns.

Toward the end of the meeting, one gentleman at the end of the table finally said: Senator, I want to tell you a story. I am a pediatric ophthalmologist. I am the last pediatric ophthalmologist who takes Medicaid patients.

He said: I just want to tell you what is happening because of the pressure on Medicaid expenses.

He said: I have a child right now who has a condition where if it is not addressed, the child will go blind. There is a medicine, it is very expensive, but it can restore the cornea and the lens and help that child to be able to see. We have submitted it three times to Medicaid, and they will not pay it. It is the only drug. There is not an option. There is not a generic substitution. It is one of the breakthroughs.

So what we have already going on in health care and in our entitlement programs, but in particular in Medicaid, is we try and manage the expense by lessening the amount we reimburse. The unintended consequence of that is we lose physicians who finally say: I am just not going to take Medicaid patients anymore.

Then, the ones who finally are doing it, then we start to see what they submit as a treatment not being approved for reimbursement. So the unintended consequence of putting even more pressure on the Medicaid system is going to put more pressure to ration health care for all Medicaid patients, and that is not fair nor is it right.

Mr. ALEXANDER. No, it is not fair or right. The Governors have said, Democratic and Republican Governors—and the Senator raised a second point about this Medicaid expansion: that dumping millions more low-

income Americans into Medicaid is not health care reform because Medicaid, as the Senator just pointed out, so poorly reimburses the doctors and the hospitals that about 40 percent of doctors will not see Medicaid patients.

So when we say to someone: Congratulations, we have just fixed the health care system; we have dumped you into Medicaid, you are giving somebody a bus ticket to a bus system that operates 60 percent of the time. So the first thing we are doing with the proposal as it is coming toward us is we are—and I am not exaggerating—we are potentially bankrupting States.

Speaking of States, let me just share one letter with Senator ISAKSON from the Governor of California.

This is a State that has really struggled with its budgets. They have a number of problems.

Here is what the "Terminator" has to say. He wrote to Senator REID and to Senator MCCONNELL on the Republican side and Speaker PELOSI. It is a long letter. This is the basic idea. Arnold Schwarzenegger says:

I will be clear on this particular proposal: if Congress thinks the Medicaid expansion is too expensive for the federal government, it is absolutely unaffordable for states.

Governor Schwarzenegger goes on to say:

Proposals in the Senate envision passing on more than \$8 billion in new costs to California annually—crowding out other priorities or constitutionally required state spending and presenting a false choice for all of us. I cannot and will not support federal health care reform proposals that impose billions of dollars in new costs on California each year.

I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JULY 31, 2009.

Hon. HARRY REID,
Majority Leader U.S. Senate, Washington, DC.
Hon. MITCH MCCONNELL,
Minority Leader, U.S. Senate, Washington, DC.
Hon. NANCY PELOSI,
Speaker of the House, House of Representatives, Washington, DC.

Hon. JOHN A. BOEHNER,
Minority Leader, House of Representatives, Washington, DC.

DEAR SENATOR REID, SENATOR MCCONNELL, MADAM SPEAKER AND MR. BOEHNER: I appreciate your commitment and hard work toward reforming the nation's health care system. I think we can all agree that the current system is not working as it should, and I have long supported a significant overhaul. Costs continue to explode, while tens of millions remain uninsured or underinsured. Many families are one illness away from financial ruin—even if they do have insurance. We have the greatest medical technology in the world at our fingertips, yet Americans' health status lags behind many countries that spend less than half what we do per capita. Any successful health care reform proposal must be comprehensive and built around the core principles of cost containment and affordability; prevention, wellness and health quality; and coverage for all.

COST CONTAINMENT AND AFFORDABILITY

Cost containment and affordability are essential not only for families, individuals and

businesses, but also for state governments. Congress is proposing significant expansions of Medicaid to help reduce the number of uninsured and to increase provider reimbursement. Today, California administers one of the most efficient Medicaid programs in the country, and still the state cannot afford its Medicaid program as currently structured and governed by federal rules and regulations. The House originally proposed fully funding the expansion with federal dollars, but due to cost concerns, members decided to shift a portion of these expansion costs to states. I will be clear on this particular proposal: if Congress thinks the Medicaid expansion is too expensive for the federal government, it is absolutely unaffordable for states. Proposals in the Senate envision passing on more than \$8 billion in new costs to California annually crowding out other priority or constitutionally required state spending and presenting a false choice for all of us. I cannot and will not support federal health care reform proposals that impose billions of dollars in new costs on California each year.

The inclusion of maintenance of effort restrictions on existing state Medicaid programs only compounds any cost shift to states. We simply cannot be locked into a cost structure that is unsustainable. Governors have three primary ways to control Medicaid costs: they can adjust eligibility, benefits and/or reimbursement rates. Maintenance of effort requirements linked to existing Medicaid eligibility standards and procedures will effectively force state legislatures into autopilot spending and lead to chronic budget shortfalls.

The federal government must help states reduce their Medicaid financing burden, not increase it. A major factor contributing to Medicaid's fiscal instability, before any proposed expansion, is that the program effectively remains the sole source of financing for long-term care services. Therefore, I am encouraged by congressional proposals that create new financing models for long-term care services. Proposals that expand the availability and affordability of long-term care insurance are steps in the right direction, but they must be implemented in a fiscally sustainable way. More fundamentally, however, the federal government must take full responsibility for financing and coordinating the care of the dually eligible in order to appreciably reduce the cost trend for this group. This realignment of responsibilities is absolutely essential to controlling costs for this population, while ensuring that state governments will be better positioned to fill in any gaps that will undoubtedly arise from federal health care reform efforts.

I also encourage Congress to incorporate other strategies to help stabilize Medicaid costs for states. Delaying the scheduled phase-out of Medicaid managed care provider taxes pending enactment of new Medicaid rates, reimbursement for Medicaid claims owed to states associated with the federal government's improper classification of certain permanent disability cases, and federal support for legal immigrant Medicaid costs are examples of federal efforts that could provide more stability to state Medicaid programs. Moreover, given the fiscal crisis that many states, including California, are experiencing, I strongly urge Congress to extend the temporary increase in the federal matching ratio to preserve the ability of state Medicaid programs to continue to provide essential services to low-income residents pending full implementation of national health reform.

PREVENTION, WELLNESS AND HEALTH QUALITY

Prevention, wellness and health promotion, along with chronic disease manage-

ment, can help to lower the cost curve over the long run and improve health outcomes in the near term. This was one of the cornerstone pieces of my health care reform proposal in California, and I continue to believe it should be a key piece of the federal efforts. Prevention, wellness and chronic disease management programs should include both the individual and wider population levels.

At the individual level, proposals to provide refunds or other incentives to Medicare, Medicaid and private plan enrollees who successfully complete behavior modification programs, such as smoking cessation or weight loss, are critical reforms. To ensure they are widely used, individual prevention and wellness benefits should not be subject to beneficiary cost sharing.

Because individuals' behaviors are influenced by their environments, health reform must place a high priority on promoting healthy communities that make it easier for people to make healthy choices. California has demonstrated through its nationally recognized tobacco control efforts that population-based strategies can be effective and dramatically change the way the people think and act about unhealthy behaviors, such as tobacco use. A similar model, community transformation grants, has been advanced in the Senate Committee on Health, Education, Labor, and Pension legislation, and it should be included to support policy, environmental, programmatic and infrastructure changes that address chronic disease risk factors, promote healthy living and decrease health disparities.

Quality improvement measures are also critical to health reform. The House proposal for a Center for Quality Improvement to improve patient safety, reduce healthcare-associated infections and improve patient outcomes and satisfaction is a positive step. Coordinated chronic disease management is necessary to improve outcomes for chronically ill people. Systematic use of health information technology and health information exchange, including access for public health agencies, is vital to providing the necessary tools to measure the success of quality improvement efforts. Finally, investments in core public health infrastructure can be facilitated through the creation of the proposed Prevention and Wellness Trust.

COVERAGE FOR ALL

Coverage for all is also an essential element of health care reform and I believe an enforceable and effective individual mandate, combined with guaranteed issuance of insurance, is the best way to accomplish this goal. The individual mandate must provide effective incentives to help prevent adverse selection that could occur if the mandate is too weak. Creating transparent and user-friendly health insurance exchanges to help consumers compare insurance options will also help facilitate participation. States should maintain a strong role in regulating the insurance market and have the ability to maintain and operate their own exchanges, with the understanding that some national standards will need to be established. California has a long history of protecting consumers through our two separate insurance regulators, one covering health maintenance organizations and the other monitoring all other insurance products. Maintaining a strong regulatory role at the state level is in the best interest of consumers, and I urge Congress to maintain this longstanding and effective relationship as you design these new market structures.

I hope our experience in California working toward comprehensive health care reform has informed the debate in Washington. There will be many short-term triumphs and seemingly insurmountable roadblocks for

Congress and the nation on the road to comprehensive health care reform. We must all remain focused on the goal of fixing our health care system and remember that we all have something to gain from the reforms, and we all have a shared responsibility to achieve them. I look forward to working with you as you move forward on this desperately needed legislation.

Sincerely,

ARNOLD SCHWARZENEGGER.

Mr. ALEXANDER. Madam President, I say to the Senator from Georgia that we are not being clever when we say we would like to be cosponsors of the Harry Reid amendment. The problems of the States are so well documented today. They don't just exist in Nevada or the two or three other States he picked out yesterday; they exist in California, which is now not part of the Reid amendment. I guess that Senators FEINSTEIN and BOXER would be happy to cosponsor the Reid amendment if it included California. I certainly would be if it included Tennessee. I know the Senator from New York and others would be also.

Our States cannot afford to have the Federal Government say: We are going to expand your health care, Mr. and Mrs. Low-Income American. It is not a very good health care program. And then we are going to send 40 percent of the bill to States that are already bankrupt, making it more difficult for them to provide good care.

Mr. ISAKSON. The Senator from Tennessee has said frequently over the last couple of months that what we really need to do is take a step-by-step approach. Comprehensive health care reform's unintended consequences will be a disaster because it affects 17 percent of the economy. You are taking the entitlements and 86 percent of the people who have some coverage and you are threatening that they have to go into a government option. This Medicaid debate is a good example of how we need to take a step-by-step approach, we need to take first things first.

In the report before our committee, the HELP Committee, on which we serve together, we spent 67½ hours in the markup on that bill during the months of June and July. We heard about the uninsured and the uncovered in America. Of that 14 to 16 percent we hear about, a number of them are Medicare or Medicaid eligible, and they are not enrolled. So the first step we ought to take is to say we are going to create a mechanism where every Medicaid-eligible person and Medicare-eligible person is covered, which would probably mean that when someone visits a hospital because they are ill and they are qualified for Medicare or Medicaid, they get enrolled automatically so that they do have the coverage. That is the first step we ought to take in terms of entitlement.

Then we can take another part of the uninsured—those people you and I talk about, the independent contractors, small businesspeople—and we can allow the forming of risk pools across State

lines and insurance sales across State lines and allow like professions to associate together to form larger risk pools to compete with major corporations. And then insurance becomes more accessible and affordable.

This debate we are having over Medicaid and the Governors' immediate reaction—which is 100 percent of the Governors, not just a couple—demonstrates to us that we need to slow down and take step-by-step approaches to begin addressing the uncovered and uninsured without creating unintended consequences that bankrupt States and ration health care.

Mr. ALEXANDER. The Senator is being very sensible. I think most Americans would agree with us that our goal is to reduce the costs of health care—reduce the costs of your health care insurance when you buy it and reduce the costs to your government that is running up a big debt every year.

The Senator from Georgia mentioned two specific ways we can take steps in the right direction without getting into this business of taking over so much in Washington, with trillions of dollars of debt, passing on big taxes to States, and cutting Medicare and threatening seniors in a whole variety of other ways. One was to allow small businesses to pool their insurance so they could offer more to their employees. That could affect millions of Americans. Another was to sign up more people who are already eligible. Another is to do something about junk lawsuits against doctors that are driving up costs. Another is to create more insurance exchanges in the States. We have proposed these.

People say: Where is the Republican plan? If they are looking for some comprehensive, trillion-dollar, thousand-page bill, they are not going to see it. If they are looking for four or five practical steps to move in the right direction, we talk about that every day, and we are not afraid to warn against the big, thousand-page bill plans. We compliment the Senator from Nevada for recognizing that it would ruin his State if we passed this bill, and we hope we have the opportunity to cosponsor that amendment so it applies to every State.

Mr. ISAKSON. There is no question—when the Senator referred to independent contractors, I had a flashback to my 33 years in business. For 22 of those years, I ran a real estate brokerage company. I had accountants, secretaries, and backroom operators. All my salespeople were independent contractors. I provided group medical under ERISA for my secretaries, backroom operators, and my employees, but the Federal law—the IRS Code—prohibits an employer from providing health care to an independent contractor.

So here we have another unintended consequence of a Federal mandate that says to somebody: Simply because of the way in which you establish yourself and earn your income, some people can get group medical coverage and

some cannot. In the case of those who worked for me, it forced second-career, middle-aged people not to be able to participate in a group policy. They had to buy insurance in the spot market. That spot market in health care is expensive because there is no shared risk. You don't have young people, older people, and well people to balance the cost of the pool. You have one individual who, if they already have health problems, may be uninsurable because of a preexisting condition.

It is important that we look at the existing unintended consequences in the Tax Code that prohibit companies from being able to offer group medical insurance to the independent contractors who work for them.

Mr. ALEXANDER. That is exactly right.

As we think about Senator REID's amendment and also the step-by-step proposals, one way to describe his amendment is to say to Nevada—and Oregon, Rhode Island, and Michigan—that we are going to pay 100 percent of your Medicaid costs. That is a step in the right direction. I think that is the way I should characterize that. That is not a criticism of the majority leader. That is saying: Mr. Majority Leader, you are going in the right direction, but you didn't include Tennessee, and Tennessee is not expected to recover to the 2008 levels until 2014. State employees won't receive raises for 6 years, the reserves will be depleted, and there will be no new construction projects.

Our Governor, a Democrat, said this proposal is the mother of all unfunded mandates. So I think Tennessee Senators would like to be included in the Reid amendment. I imagine the Texas Senators would too. The Texas Medicaid office says the proposal would cost their State \$20 billion over 10 years if we here expand Medicaid there and make them pay for a third or 40 percent of that. The South Carolina Governor says it would cost their State \$1.1 billion over 10 years. I imagine those Senators would like to be a part of this. The Alaska Governor says it would cost \$140 million in State general funds. I imagine the Alaska Senators would like to cosponsor the amendment. Governor Schwarzenegger—I suppose his Senators would like to be part of this as well. The Nebraska Governor says this could mean higher taxes in Nebraska, cutting State aid to Nebraska school districts as well as State appropriations to universities. This proposal is not in Nebraska's best interest. The South Dakota Governor said so as well.

This is serious business for the States. It is easy, when you come to Washington, to forget about the States. In the States, if you are a Governor or if you are a legislator, as the Senator from Georgia and I have been, you have to put all your responsibilities out there ahead of you. The first one is education. You take the available money and spend it as best you can and you balance your budget. Then

you look up to Washington, and here comes some Congressman or Senator saying: I have a great idea; let's expand health care all over your State and you will pay for it. That is called an unfunded Federal mandate. It is the wrong thing to do. The Senator from Nevada noticed it in his State.

All States would like to be part of that amendment.

Mr. ISAKSON. I agree. You cannot just treat 4 States differently from the other 46. You have to treat everybody alike.

I say to Senator ALEXANDER that there is another step-by-step thing we ought to talk about. In the pay-fors—the Medicaid increase of 150 percent is a pay-for. It is part of the cost of insuring everybody. There is another one; that is, the assumed \$500 billion in savings from waste, fraud, and abuse in Medicare. I got a phone call—

Mr. ALEXANDER. That often confuses people. Medicaid is the program we have been talking about, of which States administer and pay a third or 40 percent. That has about 59 million people in it. The proposal is to move it to where one out of four Americans would be on Medicaid. There is also Medicare, which has about 40 million people, all seniors.

Mr. ISAKSON. This is my Medicare month. I am supposed to enroll. So it is now a personal issue with me.

Mr. ALEXANDER. That is the way it is with most Americans. It has become a personal issue, and I think that is why so many people are going to town-hall meetings.

Mr. ISAKSON. I did a telephone townhall meeting, and a fellow said: Senator, I have a question for you. If there is \$500 billion in savings in Medicare, why aren't you all using it now to help save Medicare instead of giving it to another program to pay for it? Medicare is going broke by 2017.

Mr. ALEXANDER. Yes, and that is not just a casual statement. Those are the Medicare trustees, whose job it is to look over the Medicare money, who are saying it is going broke by 2015 to 2017.

Mr. ISAKSON. They are saying it is over. So we are selling a revenue saver to pay for the expansion of health care at the Federal level by saying we are going to reduce payout for seniors in Medicare by \$1/2 trillion in waste, fraud, and abuse. Well, assuming we know there is \$1/2 trillion there, it ought to already be cut out and it ought to be going into the Medicare trust fund to shore it up so it lasts longer than 2017. We should never promise we are going to pay for something on something we think is there and then just move the numbers down for the convenience of making a sale today.

I think, as a senior, and on behalf of all seniors, we all realize if that \$1/2 trillion isn't there in waste, fraud, and abuse, the first thing you are going to do is have reimbursements cut; the next thing, instead of three out of four doctors taking Medicare patients, it

will only be two out of four or one out of three; and pretty soon the next thing is that seniors will have health care that is inaccessible and their doctors will not be available. That is a dangerous road to go down.

Mr. ALEXANDER. I hear our friends on the other side say: Republicans are trying to scare you about Medicare cuts. We are not trying to scare anybody about Medicare cuts. We just listen, and the President said in his speech to us that the savings for this program—nearly \$1/2 trillion in savings to pay for the new program is coming from savings in Medicare. That is Medicare cuts. We know the specific proposals are \$130 billion in cuts to Medicare Advantage, which one out of four Medicare seniors has; \$120 billion in Medicare cuts to hospitals; \$40 billion to home health agencies; \$8 billion to hospices.

Our point, if I am correct about this—and if I am not, please correct me—of course there could be savings in Medicare, in the growth of it, but if we have savings in Medicare, we ought to put the money into Medicare; we ought not to take it from grandma and spend it on somebody else. That is the problem. The other day, the Senator from Kansas said it is like writing a check on an overdrawn bank account to buy a big, new car. Whatever money we ought to have ought to go in the overdrawn bank account, which is Medicare.

Mr. ISAKSON. That is correct.

Social Security is another example of what happens when you don't have good fiscal discipline. Unfortunately, for the better part of half a century, when people have paid their FICA taxes to go into the Social Security trust fund, it goes in and then immediately it is replaced by an IOU and the money is moved to general appropriations and spent. That is why Social Security is going broke in 2037. I just got my statement last week, and on the cover—everybody ought to read their Social Security letter, the column on the right-hand side which tells you what the trustees are telling you about the solvency of Social Security.

We cannot make any more hollow promises to the American people. We have to keep the promises we have made, and those promises are Medicare, Social Security, and Medicaid. So instead of expanding things we already can't afford, we need to be finding ways to stabilize them before we run off and make a promise we can't keep.

Mr. ALEXANDER. Madam President, how much time do we have remaining?

The ACTING PRESIDENT pro tempore. There is 13 minutes 54 seconds remaining.

Mr. ALEXANDER. Two minutes fifty-four seconds. If the Senator from Georgia will permit me, I ask unanimous consent to put in the RECORD the following—

The ACTING PRESIDENT pro tempore. The Senator has 13 minutes remaining.

Mr. ALEXANDER. I thought you said 2 minutes 54 seconds. We will continue. I remember former Senator WARNER once said when he first came to the Senate, he was sitting there wondering what to do. One of the older Senators came over and said to him: Son, you will have no trouble getting used to this. All you have to do is stand up and start talking and eventually you will think of something to say.

I think we have something of considerable importance to say. What we are saying is we need health care reform and the focus should be on reducing costs and we ought to go step by step toward those costs. That is our proposal, instead of these big, comprehensive, trillion-dollar, 1,000-page bills with all these unintended consequences.

We are talking about one of those unintended consequences, which is a very severe consequence for the States. The idea that Senators and Congressmen would decide to expand a program that is going to cover one out of four Americans, called Medicaid, and just send the bill to the States which, according to today's Wall Street Journal: "plunging state revenues noted that the second quarter was the worst performance for state taxes since at least the 1960s." This is not just Nevada and Michigan and Oregon and Rhode Island, which are the four States that were in the majority leader's amendment. This is virtually all the States.

If the Senator from Georgia will indulge me for a moment, I have several letters from Governors to Senators that I ask unanimous consent to have printed in the RECORD at the end of our remarks.

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

(See exhibit 1.)

Mr. ALEXANDER. Madam President, here is a letter to Mr. BILL NELSON, a Senator from Florida, from Gov. Charlie Crist, talking about enrollment in Florida's Medicaid Program increasing and how the State of Florida cannot afford to spend more.

I have a letter from Governor Otter of Idaho to Senator CRAPO: "It has been estimated that combined federal-state Medicaid costs in Idaho could increase by \$501 million."

I have a letter from Governor Daniel of Indiana to Senator LUGAR which says: "We have estimated that the price for Indiana could reach upwards of \$724 million annually."

We talk about big numbers in Washington so much that maybe this doesn't sound like much. But I did an estimate of what it would cost, I say to Senator ISAKSON, in Tennessee if we expanded Medicaid in the way it is proposed here and we increase the reimbursement rate so patients in Medicaid will actually have somebody to go see, a doctor or a hospital to go see. I said it equaled about a new 10-percent State income tax. Some group in Tennessee said: The Senator is wrong, it is only

about a 3-percent new State income tax. Well, either one, we don't want elected representatives in Washington deciding for us whether we want a new 10-percent or 3-percent State income tax.

There are just a few more I wish to include. I have a letter to Senator REED from the Governor of Rhode Island. Of course, Rhode Island was included in the majority leader's amendment. They should feel pretty good. They are going to get 100 percent of their Medicaid paid.

The Governor of Arizona has written to Senator MCCAIN and Senator KYL to point out that "Arizona is facing one of the worst financial deficits in the nation. . . ." If Arizona is facing one of the worst financial deficits in the Nation, why is it left out of the majority leader's amendment? It seems to me the citizens of Arizona deserve just as much attention. I imagine their Senators would like to cosponsor it as well.

I have a letter from the Governor of Louisiana talking about an unprecedented fiscal situation and the Governor of Mississippi saying:

In Mississippi, the issue of Medicaid expansion hits close to home, since our state's share of the Medicaid is currently \$707 million. . . .

"According to the National Association of State Budget Officers, Governor Barbour said, Medicaid expenses . . . were \$336 billion" for State and local government and a third of that is State money, and we are just going to up it. We don't raise that money, we just send them an edict from Washington and say: We have decided that a good thing to do is to increase the number of low-income Americans in your Medicaid Program and you pay for it, you take it out of this road, you take it out of this teacher's salary, you raise the tuition at the University of Tennessee or Georgia and you cut their State funds. That is up to you, but we are going to pass the program.

Here is a letter to the Senator from Nebraska saying this new unfunded Federal Medicaid mandate could result in higher taxes in Nebraska or in cutting State aid to Nebraska school districts. I imagine the Senators from Nebraska, both of whom were Governors, would be happy to be cosponsors of the Reid amendment.

Here is the letter to Senator GRAHAM from the Governor of South Carolina. Another from the Governor of Alabama; a letter from the Governor of Alaska and the Governor of Guam.

I say to Senator ISAKSON, we have been fairly specific on one point. I heard on the television this morning someone said this is so confusing to the American people; they don't understand it. I think they can understand an unfunded Federal mandate. I think they can understand the Governor has to raise taxes unless Congress pays 100 percent of it. I think they can understand it when the majority leader picks out four States and says we will pay 100

percent of ours and the rest want to be part of that as well.

Mr. ISAKSON. The American people understand. This colloquy has been helpful to demonstrate something, I say to Senator ALEXANDER. We on the Republican side have been accused from time to time of being obstructionists on health care reform. I think we indicated this morning we have been instructive, going on a step-by-step basis, dealing with the problems manageable one at a time, not sacrificing Social Security or Medicaid or Medicare, not sacrificing our States and forcing them into the impossible position of declining revenues and increasing costs through a mandated Federal program that, in the end, is only going to result in rationing of care to Medicaid-eligible beneficiaries and more and more pressure on our States already.

We are not trying to obstruct anything. We find it very instructive that there are ways, on a step-by-step basis, that we can close the gap on the number of uninsured people without taking away the benefits others have.

I thank the Senator for allowing me the opportunity to participate in this discussion. We are learning from our Governors. I have learned from my townhall meetings and from my visits in Georgia. We understand America is tuned in and a lot of America, 16 percent of it, needs attention for more affordable, accessible health care. Let's be about the business, on a step-by-step basis, of providing that and closing that gap without threatening to destroy the programs we have established over the years and promised to our seniors and to those less fortunate.

Mr. ALEXANDER. Madam President, I thank the Senator from Georgia for his experience in State government and for his comments today. We want the majority leader to know our comments yesterday were not to be critical of him, just to say we think he is on the right track. He said to four States: If we expand your Medicaid, we are going to pay for it. We would like to include all States.

I yield the floor.

EXHIBIT 1

STATE OF ARIZONA,
Phoenix, AZ, July 16, 2009.

Senator JOHN MCCAIN,

U.S. Senate,

Washington DC.

Senator JON KYL,

U.S. Senate,

Washington, DC.

DEAR SENATOR MCCAIN and Senator KYL: Thank you for the opportunity to provide information about Arizona's Medicaid program, the Arizona Health Care Cost Containment System (AHCCCS).

As you know, Arizona is facing one of the worst financial deficits in the nation and projections show that the State is expected to make a slow recovery. In the meantime, unemployment has continued to increase and counter-cyclical programs like AHCCCS have continued to experience record-breaking enrollment. In the last four months alone, AHCCCS has grown by more than 100,000 new enrollees, and July 2009 enroll-

ment is almost 17 percent above the same month in 2008. Total enrollment, including our Title XXI KidsCare program, in July reached 1,275,109 members, which is almost 19 percent of the state's total population.

I am proud that AHCCCS program has served as a model for other state Medicaid programs across the country in terms of cost containment. This is due, in large part, to the fact that AHCCCS is a capitated managed care model and 65 percent of its long-term care members receive home and community based services rather than institutional care. According to the Kaiser Family Foundation, AHCCCS has the lowest per member per year (PMPY) cost among Medicaid programs in the country. The average PMPY costs are: 1) \$5,645.52 for acute care; 2) \$45,960.72 for long-term care, which is a blended average of our elderly and physically disabled and developmentally disabled programs. The weighted average PMPY cost across all Title XIX groups is \$7,182.60.

I am concerned that the Medicaid expansion proposals being discussed at the federal level do not consider the fiscal difficulties states are facing and are likely to continue to face over the next few years. At the same time as Congress is considering prohibiting states from changing their Medicaid eligibility standards, there have been discussions about establishing a federal floor for Medicaid provider rates, which even further limits state flexibility in setting funding levels. State flexibility has been key to Arizona's success in developing and efficiently managing a Medicaid program that provides high quality care at a low cost.

Even with our strong cost containment measures, I remain concerned about Arizona's ability to sustain the existing AHCCCS model, let alone a mandatory expansion to 150 percent, regardless of whether the federal government provides full financing of the expansion for the first five years. Medicaid is already an increasing share of state budgets—Arizona's General Fund spending on AHCCCS has increased by 230% over the past ten years, and has risen from 8 percent of General Fund spending in FY 1999 to an estimated 16 percent in FY 2009. Maintaining this level of spending increases will be difficult, especially given that Medicaid enrollment and costs continue to rise. Moreover, Arizona's revenues are not expected to turn around for several years and, even when they do rebound, we would require significant revenue growth in order to sustain rising expenditures for the existing Medicaid program.

Attached, please find data responsive to your requests. There is a summary sheet that provides an overview of the information requested, along with several other sheets that provide additional detail. As you know, there are many unanswered questions regarding the proposals. This analysis includes the assumptions that were used to develop the figures, which will obviously change as the proposals are refined.

Please do not hesitate to contact my office if you have questions or should require additional information. I share your concern regarding Arizona's ability to expand its Medicaid program and what the long-term fiscal implications will be for Arizona, and I hope you find this information useful as you consider the various proposals that are before you.

Sincerely,

JANICE K. BREWER,
Governor.

STATE OF INDIANA,
Indianapolis, IN, September 8, 2009.
Hon. RICHARD LUGAR,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR LUGAR: During your summer recess I am sure that many, if not all of you heard from your constituents regarding health care reform.

I have heard from them as well. In fact, over the past few months, I have watched Americans come forward to passionately express their anxieties about the legislation currently making its way through Congress. Their worries are well-founded.

There is no disputing the fact that aspects of American health care, such as access and affordability, truly do need to be restructured and improved. Yet, I have serious concerns about Congress's proposed solutions to these problems. In fact, I fear the current rush to overhaul the system will ultimately do more damage than good and create far more problems than it solves.

And unfortunately, Indiana would bear the brunt of many of the reckless policies being proposed. For example, our Healthy Indiana Plan (HIP), an innovative and successful state sponsored health insurance program for uninsured citizens, would suffer greatly as Congress expands Medicaid coverage, forcing many of the Hoosiers already enrolled in HIP out of the plan and into a broken Medicaid program that does not focus on prevention, healthy lifestyles, or personal responsibility.

Additionally, states will likely have to pick up the tab for this extension of Medicaid. We have estimated that the price for Indiana could reach upwards of \$724 million annually. These additional costs will overwhelm our resources and obliterate the reserves we have fought so hard to protect.

While these reforms could do serious damage to our state, I fear they will also have harmful consequences all across the country by reducing the quality and quantity of available medical care, stifling innovation, and further burdening taxpayers.

There is another way. Americans from all walks of life and every political stripe should work together with President Obama and Congress to create a set of measured and sensible reforms that bring down costs, increase access and portability and stress the importance of innovative state-run health insurance programs.

The majority of Americans do believe that health care reform is needed, but do not believe that the legislation currently on offer is the answer. I agree. And I will do everything in my power to raise these concerns and work with you to find a solution.

Sincerely,

M.E. DANIELS, JR.,
Governor.

STATE OF IDAHO,
Boise, Idaho, September 15, 2009.
Hon. MIKE CRAPO,
U.S. Senate, Dirksen Senate Office Building,
Washington, DC.

DEAR SENATOR CRAPO: Idaho has a proud history of fiscal responsibility, ensuring that our State government serves its proper role for the people of Idaho while staying within their financial means. As the United States Congress attempts to address the healthcare challenges facing our nation, it is important that we remain diligent in assessing the implications of our decisions, always ensuring that we take seriously our duty to safeguard the financial resources of the American public, and allocating taxpayer money in an efficient and effective manner.

As revised healthcare proposals continue appearing in Congress, the full consequences of these reforms remain unknown and we are

uncertain of the possible negative impacts on local businesses, families and senior citizens. However, it is clear that these sweeping proposals would irresponsibly shift a substantial and unmanageable financial burden to the states. Like Idaho, many states already are functioning under severely limited and strained budgets. It is certain that the burden of these reforms would be placed upon the shoulders of hardworking Americans.

The costs associated with these proposed reforms are astounding. Conservative estimates from the Idaho Division of Medicaid indicate that the bill's Medicaid eligibility proposal would increase our state share of Medicaid and the federal matching rate effective would drop in the middle of fiscal year 2011, leaving Idaho struggling to fill the void. Idaho's tax base could not support this large unfunded mandate without resorting to tax increases, including a possible increase in Idaho's already 6-cent sales tax—an irresponsible action which would do serious harm to Idaho taxpayers. The proposed reforms would impose an undue burden on citizens already struggling in this difficult economy.

It has been estimated that combined federal-state Medicaid costs in Idaho could increase by \$501 million. In addition, raising the Medicaid reimbursement rate to 110 percent of the Medicare reimbursement rate would increase total federal-state costs \$50 million more.

This proposed change in the federal reimbursement rate likely would reduce the number of plans that are offered to persons on Medicare, resulting in increased premiums and reduced services and access to service providers. Seniors in rural Idaho already have trouble finding providers who accept Medicare patients. Should these changes be approved, that trend could continue statewide—severely limiting access to medical care for some of Idaho's most vulnerable residents.

The people of Idaho have entrusted us with a responsibility to use our government resources wisely and efficiently. Imposing costly federal mandates that cannot be sustained in the long run is an irresponsible violation of this public trust. Quite simply, these proposals are financially irresponsible and would not adequately address the needs of senior citizens and other vulnerable groups.

I encourage you to join me in opposing current health care reform proposals. By ending these nonsensical debates and stopping the proposed reforms, we can move forward in a more positive, measured and reasonable direction, using common sense to find a workable healthcare solution that benefits all Americans.

As Always—Idaho, "Esto Perpetua,"
C.L. "BUTCH" OTTER,
Governor.

STATE OF MISSISSIPPI,
September 8, 2009.
Hon. ROGER WICKER,
U.S. Senate, Russell Senate Office Building,
Washington, DC.

DEAR SENATOR WICKER: Governors across the nation are growing increasingly concerned about the financial strain rising healthcare costs are putting on state budgets. During the National Governors Association (NGA) meeting in July, governors—both Republicans and Democrats—formalized their opposition to current Congressional reform proposals by issuing a policy opposing unfunded mandates that shifts costs to the states. This will necessarily require almost all states to raise taxes to manage this burden. In Mississippi, the issue of Medicaid expansion hits close to home, since our state's

share of the Medicaid program is currently \$707 million, or 12 percent of a \$5.87 billion state-supported budget, which includes temporary stimulus funds.

Nevertheless, the current proposals, both in the House and Senate, will expand the Medicaid program at additional costs paid not by the federal government, but passed down to the states. After a call with the governors representing the NGA Healthcare Task Force and the Senate Finance Committee, Chairman Baucus told the news media it would be impossible for the federal government to pick up all the costs for new Medicaid recipients; thus, states would have to bear some of the costs.

Why? Although CBO appears to estimate that H.R. 3200 will cost more than \$1 trillion over the next ten years, the fine print reveals the true cost would be much higher. By imposing tax increases early in the budget window, before the bulk of the spending occurs, the true cost of the bill is hidden by budget gimmickry. Delaying the implementation of the program until the fourth year also uses budget tricks effectively to hide the immense long-term cost of this proposal. CBO has projected a 10-year deficit of more than \$200 billion associated with the bill as is. However, when the full cost of the bill is taken into account after it is fully implemented, the spending in the bill skyrockets to nearly \$2 trillion over 10 years (2014–23) with a deficit of more than \$600 billion. I have included an attachment showing the scoring of H.R. 3200 the only comprehensive health care reform bill CBO has scored.

According to the National Association of State Budget Officers, Medicaid expenses in 2007 for federal and state government combined were \$336 billion. This number is projected to reach \$523 billion by 2013, a 56 percent increase in just six years. Should the reforms being debated in Congress become law, Mississippi would be saddled with an average increase of \$360 million in additional costs, on top of the already \$707 million it costs to fund Mississippi's annual state share of the Medicaid program. These proposals, which would cover all individuals at 133 percent federal poverty level (FPL), will burden state budgets, forcing states to raise taxes. In Mississippi, that would necessarily mean increases in our state income or sales tax rates. Mississippi, like so many states, simply can't afford to pick up the tab for another unfunded mandate passed by Congress.

Such state tax increases would be on top of the federal tax increases already included in the House and Senate bills, like huge tax increases on small businesses whether in the form of an additional 8 percent payroll tax or a 5.4 percent income tax surcharge. During a deep recession, when most people believe job creation and economic growth should be top priorities, huge tax increases will make it more expensive to employ people; consequently, employers will employ fewer people.

Medicare, the nation's largest provider of health coverage for the elderly and people with disabilities covering over 46 million Americans, is on the chopping block. CBO has estimated that provisions in H.R. 3200 would lead to a total of \$162.2 billion in cuts being taken from Medicare Advantage plans. This \$162.2 billion impacts 11 million people and represents nearly \$15,000 in new costs passed to every Medicare Advantage senior beneficiary. These harmful and arbitrary cuts could result in Medicare Advantage plans dropping out of the program, harming beneficiary choice, and causing millions of seniors to lose their current coverage. Moreover, the bill grants federal bureaucrats the power to eliminate the Medicare Advantage program entirely, making the oft-repeated statement, "if you like your plan you can keep it," ring hollow for seniors.

Lastly, if we are trying to make health care more affordable, how do you leave out tort reform? After all, litigation and the resulting practice of defensive medicine add tens of billions to the cost of health care. In Mississippi we passed comprehensive tort reform in 2004, partially to stop lawsuit abuse in the area of medical liability. It worked. Medical liability insurance costs are down 42 percent, and doctors have received an average rebate of 20 percent of their annual paid premium. The number of medical liability lawsuits against Mississippi doctors fell almost 90 percent one year after tort reform went into effect. Doctors have quit leaving the state and limiting their practices to avoid lawsuit abuse.

With all the issues concerning a government-run health care system, I wanted to warn you of the state tax increases Mississippi will shoulder on top of the federal tax increases in the pending bills as well as my concern for the increased costs our senior citizens will face as Medicare Advantage is cut. Congress must slow down and work in a bipartisan manner. Everybody agrees that health reform is needed, but it should be done thoughtfully. I hope you'll keep this important information in mind when proposals that shift costs to states—or to our senior citizens—are considered.

Sincerely,

HALEY BARBOUR,
Governor.

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

ALASKA TERRITORIAL GUARD

Ms. MURKOWSKI. Madam President, on January 22 of this year, I came to the floor to inform our colleagues in the Senate about a decision by the Department of Defense that service in the Alaska Territorial Guard during World War II would not be regarded as Active-Duty service for purposes of military retirement. That decision reversed the position that had previously been taken by the Army that this service did count toward military retirement.

As a consequence, 26 elderly Alaskans, descendants of the aboriginal people who originally inhabited Alaska, 26 Native people, predominantly Eskimo, were about to see a substantial reduction in their military pensions, this all happening in the dead of an Alaska winter when we were paying extraordinarily high fuel prices.

At that time when I came to the floor, I wondered out loud what kind of government, what kind of "Cruella" would cut the pensions of 26 elderly people who stood up to defend Alaska and our Nation during World War II with absolutely no prior warning, no advanced notice? The answer was our government, on advice of the lawyers.

In the Defense Appropriations Act for fiscal year 2001, Congress recognized service in the Alaska Territorial Guard as Active-Duty service. Section 8147 required the Secretary of Defense to issue discharge certificates to each member of the Alaska Territorial Guard under honorable conditions if the Secretary determined the nature and duration of the service of the individual so warrants. The military first concluded that included retirement

benefits and then abruptly reversed that position with immediate effect.

As Lieutenant Colonel McNorton explained in a story carried by the Associated Press, section 8147 applies to military benefits, including health benefits, but it does not make members of the Territorial Guard eligible for retirement pay.

I must emphasize, at this point, that no Alaska Territorial guardsman claimed a military pension solely because of his service in the Territorial Guard. The Alaska Territorial Guard was created in 1942 and disbanded in 1947. Many members of the "Tundra Army," as some called it, continued to serve in the Alaska National Guard and other units of the military. That service, combined with service in the Territorial Guard, forms the basis for the claim.

I have come to learn that when you use the term "Cruella" on the Senate floor, people sit up and take notice. My remarks were telegraphed across the blogosphere and national media outlets. The response that came from across the country to the plight of the 26 elderly Alaskans was truly heartwarming. Across the ideological spectrum, the response from the American people was outrage over this situation. The high level of national interest in the plight of these Alaska Territorial Guard members was not lost on the senior leaders of the Army. The Secretary of the Army rose to the occasion. He reached into his emergency and extraordinary expense fund—the triple E fund—to continue the payments to those elders for 60 days, in the hope that Congress would have an opportunity to address the issue by then.

My colleague, Senator BEGICH, and I promptly introduced legislation to correct that situation, but the legislation was not considered before the 60 days of temporary payments ran out. The Alaska Legislature stepped up to fill the gap, and they enacted legislation to continue the payments from State funds until February of 2010 in order to, again, give Congress the time to fix the problem.

With the support of our colleagues and I especially appreciate the leadership and support from Senator LEVIN, my colleague and friend Senator INOUYE, and Senator COCHRAN—language to clarify that service in the Alaska Territorial Guard counts toward eligibility for retirement pay that was included in that 2010 Defense authorization bill—

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Ms. MURKOWSKI. Madam President, it was my understanding that I was to have 15 minutes under this time agreement; is that correct?

The ACTING PRESIDENT pro tempore. The Chair is aware of no such agreement, and the time for the Republican side has expired.

Ms. MURKOWSKI. Madam President, I do have additional comments I wish

to make. I ask unanimous consent that I have 5 minutes to conclude these remarks, if that is acceptable.

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

Ms. MURKOWSKI. Madam President, I also wish to recognize my friend and colleague, Senator McCAIN, who was there at the end to help us with this issue.

The people of Alaska thank our colleagues, Senator INOUYE, Senator McCAIN, and so many others for the consideration that was given these Alaska Territorial guardsmen. Last Friday, we were disappointed to learn that some in the administration might not share our enthusiasm for putting this matter to bed and restoring the retirement benefits for the 26 elderly Alaska Native veterans.

The statement of administration position on the Defense appropriations bill contains two sentences that read as follows:

The administration objects to a new General Provision that would count as "active duty" service the time the Alaska Territorial Guard members served during World War II. This provision would establish a precedent of treating service performed by a State employee as active duty for purposes of the computation of retired pay.

The notion that restoring these benefits establishes a precedent of treating service performed by a State employee as active-duty service defies logic and it defies history. Not only is it inconsistent with the letter of Congress's finding in section 8147 of the 2001 Defense Appropriations Act that the service was indeed Federal service, it is inconsistent with the facts, and I believe it is inconsistent with the law.

When our Lieutenant Governor—retired LTG Craig Campbell—heard this, he remarked:

The administration doesn't understand what the territorial guard is. This was an initiative of the Federal Government. They provided a federal service.

General Campbell recently retired as Adjutant General of the Alaska National Guard, and he is absolutely correct on this.

The Alaska Territorial Guard was created back in 1942 to protect Alaska from invasion by the Japanese. The notion that Japan had an interest in Alaska was far from speculative, as we know. The Japanese bombed Dutch Harbor and landed in Attu and Kiska in the Aleutian Chain. Enemy submarines lurked in the Bering Sea.

The ATG was organized by U.S. Army MAJ Marvin Marston under the leadership of a territorial Governor who reported to Washington. These were Uncle Sam's men. All who served were volunteers. They were not State employees. It was organized in the name of the President of the United States, and it was armed by the U.S. Army. The operations of the units were inspected by the U.S. Army, and the unit was disbanded in 1947 by order of the U.S. Army. The unit was well known