

health care, Americans have made it known that they support reform. But over the course of the past several months, Americans have come to realize that not all reforms are created equal.

And while they still support reform, very few of them support the specific proposals they have seen from Democrats in Washington. Americans want reform. But higher premiums, higher taxes, and cutting Medicare is not reform.

Somewhere along the way, the terms of the debate shifted.

At the outset, nobody expected that reform would lead to higher premiums. In fact, most people thought the whole point was to reduce costs, not raise them.

At the outset of this debate, nobody expected they would be paying higher taxes, particularly in the midst of the worst recession in generations. Yet that is what they are now being told, that middle class Americans will take the brunt of a whole slew of new taxes to pay for a trillion-dollar experiment with our health care system.

And at the outset of this debate, seniors had no idea they would be asked to help foot the bill for this massive experiment in government health care through cuts to Medicare. Yet that is precisely what they're now being told—that Medicare will be cut by half a trillion dollars, whether the 40 million seniors who depend on it like it or not.

Let us focus for a moment on those Medicare cuts.

For months, Americans have been hearing that if they like the health care plans they have, they will be able to keep them. Evidently, that pledge didn't apply to the millions of seniors currently enrolled in the popular Medicare Advantage program, because the Finance Committee bill explicitly calls for more than \$130 billion in cuts to Medicare Advantage, cuts that will undoubtedly alter the plans that more than 11 million seniors on Medicare Advantage now enjoy.

These cuts might lead to fewer benefits; or they might force seniors off their plans altogether. But under either scenario, seniors would no longer enjoy the plans they have and like. No one expected that at the outset of this debate.

And this is just a fraction of the Medicare cuts that the Finance Committee calls for as the cost of reform. Other cuts include more than \$120 billion in cuts to hospitals that care for seniors. The Kentucky Hospital Association warned earlier this year that these kinds of cuts would affect the services hospitals provide in my State. I am sure if my colleagues talked to doctors and hospitals back home, they would hear the same.

Then there is more than \$40 billion in cuts to home health agencies which give seniors the option of receiving care in their homes.

The bill also takes another \$15 billion in cuts to nursing home which care for

seniors who can no longer be cared for at home.

And then there is nearly \$8 billion in cuts to hospice care.

Nobody expected a free lunch when it came to health care reform. But no one expected this either. Americans are doing the cost-benefit analysis, and they don't think half a trillion dollars in cuts to Medicare is an acceptable tradeoff, especially since none of these cuts would do anything to strengthen and protect Medicare.

It would be one thing if Medicare reforms were used to ensure its solvency for future generations. But the proposals we have seen do nothing of the sort. Instead, they use Medicare as a piggy bank to create another government program that will undoubtedly face the same financial stresses that we see in Medicare and in just about every other entitlement program.

The President thought this was a bad idea on the campaign trail. It is still a bad idea today.

Americans know the dangers of holding off on Medicare reform. When Medicare Part A was created in 1965, it was projected to spend out \$9.1 billion on hospital services and related administration in 1990. As it turned out, costs that year were more than seven times the original estimates. Forty-four years after its creation, Medicare is already paying out more money than it is taking in. It is already committed to spend nearly \$40 trillion it doesn't have, and current forecasts indicate that Medicare will face bankruptcy in less than a decade.

It is time to restore this vital program for the sake of our seniors, not raid it to pay for a massive government-driven experiment that could make our health care worse.

The American people want reform. But higher premiums, higher taxes, and cutting Medicare, that is not reform. That is why they overwhelmingly oppose this proposal, and they shouldn't have to apologize for it. They should expect Congress to listen to them, and keep up the pressure until Congress listens.

I yield the floor.

#### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

#### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business for 2 hours, with Senators permitted to speak therein for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first hour and the majority controlling the final hour.

The Senator from Arizona.

#### HEALTH CARE REFORM

Mr. KYL. Madam President, I wish to take 10 minutes this morning to respond to some comments made by my friend from Illinois, my counterpart, the Democratic whip, comments made in response to Minority Leader MCCONNELL's remarks earlier this week.

Yesterday, Senator DURBIN made a couple of points. One I specifically want to focus on has to do with the national debt. Senator MCCONNELL had talked about the fact that spending by the Democrats, especially with regard to proposals for new health care legislation, was going to increase the national debt. The Senator from Illinois came back and said he agreed the debt is too high, but he said we need to understand that the reason it is too high is the Bush administration—that, in effect, President Obama inherited the debt. That is not exactly accurate. Here are the actual facts regarding the debt today. On Tuesday, 2 days ago, the Treasury Department reported that the deficit this past fiscal year totaled \$1.4 trillion. That is a figure higher than the previous 4 years combined. The previous 4 years were Bush years. Last year was primarily the Obama administration.

The Republican leader said:

Since January 20 of this year, the Federal Government has borrowed \$1.2 trillion or more than \$10,500 for every household in the United States.

What is the significance of January 20? That is the day President Obama was sworn in as President.

Under the President's budget that every Democrat voted for this year, we will have budget shortfalls or deficits averaging \$1 trillion each year for the next 10 years. We can't blame this on the Bush administration if spending was as much as the last 4 years combined and the budget shortfall is going to be \$1 trillion for the next 10 years. It was never \$1 trillion. It wasn't even half that much ever under President Bush.

Let me put this in perspective. The President's budget, supported by every Democrat, will double the national debt in 5 years, increasing it from \$5.8 trillion to \$11.7 trillion. It would almost triple the debt in 10 years. These are estimates from the Congressional Budget Office. By contrast, look at the last 219 years in the history of the country. From 1789 to 2008, Americans amassed a \$5.8 trillion national debt. In other words, in 5 years, this President will have a debt equal to all of the previous Presidents from George Washington all the way through George W. Bush. We cannot claim that is inherited from the past.

This President's deficit spending is not sustainable. By the end of the budget period, the debt will have skyrocketed to 82 percent of the gross domestic product, which everyone agrees, including the President's advisers, is not sustainable. Think about the interest payments. Think about your own credit card interest payments for interest payments on debt. These will soon

be the single largest item in the Federal budget.

What if debt interest payments were the single largest item in your own family budget? More than \$800 billion a year in 10 years will be spent on interest alone—\$800 billion a year. That eclipses what we spend on national security. It is four times as much as we spend on education, energy, and transportation combined. These are not abstract numbers. This will have an effect on every American.

In 2019, under the President's plan, each U.S. household's share of the Federal debt will be more than \$130,000. That is more than most of us owe on our mortgages. Notably, since the Democrats have taken over the Congress—we are not talking about "inherited" now—the Congress has increased the debt limit four times, and the administration has made a request for a fifth increase that we anticipate occurring this November.

So should we be worried about the debt? I believe so. Was it a problem inherited from the Bush administration? No. The real problem is what we have done since January 20, since President Obama came into office, since Democrats have been in control of the Congress and the adoption of a budget which is going to triple our debt in just 10 years. And in 5 years we will have more debt than every single President and Congress in the entire history of the country right up through George W. Bush accumulated—in one budget of this administration.

The other thing I would like to speak to is comments the Senator from Illinois made on Tuesday. Again, he was critical of Senator McCONNELL, who noted that all of these bills passed in the House and in the Senate were passed on essentially partisan votes, and that Republican ideas had been ignored. My colleague said: Well, in the HELP Committee there were 150 amendments adopted that had been offered by Republicans. The vast majority of those were purely technical corrections, misspellings, typos, and things of that sort. I do not think anybody can contend that Republicans have had a fair voice in the creation of the health reform legislation around here.

Then there was an attack on the messengers. There have been several reports that demonstrate that insurance premiums are going to go up, not down, in this legislation. The attack was not to contend that the figures were wrong but, rather, to attack the messengers—in two cases—to say: Well, the insurance industry actually paid for some of those reports. Does that make the reports wrong? It might raise a question in our minds as to whether they are appropriate, but how about analyzing them to see whether they are wrong.

The majority whip then went on to say that the Congressional Budget Office even disagrees with the Republican leader and predicted that the health care premiums would actually not go up. Specifically, he said: "They pre-

dicted if health care reform went through, health care insurance premiums would go up" on American families.

The Senator from Illinois said:

Well, there are those who disagree, people with the Congressional Budget Office and others . . .

Let me quote the Congressional Budget Office. It does not disagree. The Congressional Budget Office specifically supports what Senator McCONNELL said:

Premiums in the new insurance exchanges would tend to be higher than the average premiums in the current-law individual market.

CBO was very clear in conversations we have had with them that specifically with regard to American families premiums will be higher.

So the Senator from Kentucky, the Republican leader, was correct and the Democratic whip was incorrect. CBO says premiums will be higher.

This report issued yesterday from Oliver Wyman said premiums will increase in the individual market approximately \$1,500 for single coverage and \$3,300 for family coverage every year.

In my State and some other States it is even worse. For Arizona, Idaho, Kentucky, Virginia, and the District of Columbia, we will have the highest premium increases, where premiums could increase by as much as \$2,619 for individuals and—think about this—\$7,426 for families. Think about that as a premium increase under a bill that is supposed to help us afford our health care, but we get socked with a \$7,000 increase in the health care premium for our families.

Part of this is because of the minimum benefit requirements the bill provides for. They note this will increase costs about 10 percent in the individual market and 3 percent in the small group market. This is under the Baucus bill. Small employers purchasing new policies in this new market will experience premiums that are up to 19 percent higher in year 5 of the reform. Premiums are going up.

Milliman, another independent actuarial firm, found that the average actuarial value of a high deductible plan is 48 percent. In Arizona, incidentally, it is 61 percent. What does this mean? Under the legislation, the lowest insurance plan value is defined by the Federal Government. It has to be 65 percent. That means there will be an increase in health insurance premiums by 35 percent for those with high deductible plans. Individuals enrolled in individual health plans with a lower actuarial value than 65 percent will see their premiums increase by 18 percent. So to the allegation that somehow Republicans are wrong when we criticize the Baucus bill for raising individual and family insurance premiums, the reality is, all the experts agree, including the Congressional Budget Office.

Then there was another question that had to do with medical devices. The reality is, because of taxes imposed in the Baucus bill, there are going to be a

lot of increased expenses, including expenses that are going to be passed on to individuals. One of those is in the medical device industry.

Let me quote a letter that some Democratic colleagues of ours—Senators KLOBUCHAR, BAYH, and FRANKEN and then Senator LUGAR on the Republican side sent to Chairman BAUCUS. I am quoting from it:

[T]he provision would harm economic development and health care innovation nationwide.

[W]e are concerned that this tax will stifle technological innovations that can improve patient outcomes and lower health care costs.

It is also a fact, as I said, that these expenses are passed through. There are several studies that demonstrate that—as well as the comments of the Congressional Budget Office and the Joint Tax Committee—all of whom say it is virtually a dollar-for-dollar pass-through. So if we raise taxes on the medical device industry by \$40 billion, then people are going to be paying \$40 billion more in insurance premiums because the cost of those medical devices will be reflected in the cost to the insurer and, therefore, the cost to the people who are paying the premiums.

There was a concern expressed by my colleague from Illinois that insurance companies will raise their premiums—the point I have been making—but they will do it in a collusive fashion and maybe we should look at the antitrust laws in that regard.

Well, they do not have to collude to raise their premiums. Every one of them has an incentive—as the Congressional Budget Office and these other reports demonstrate—for them to be able to stay in business; they have to be able to raise their premiums to reflect their cost of doing business. They do not have to collude to do that.

Then the Democratic whip made what I would say is a rather odd argument: Republicans have been critical of the concept of government-run insurance. The Democratic whip said: Well, we have government-run insurance—Federal employees and Members of Congress—and we think it is a good program. And he said under the program, there are nine different health plans to choose from, and we pick the best one for us, and the employer pays part of it and we pay part of it, and so on.

That certainly is all true, except for one thing: It is not government run. As he noted, there are nine private plans. This is no different than any other employer. Most large employers, such as the Federal Government, give their employees a choice of two, three, four, maybe sometimes as many as nine or ten plans if they are a big enough employer. The Federal Government is a huge employer, so we can offer nine different plans. But there is no Federal insurance. This is not federally run.

This is the Federal Government as the employer doing the same thing

that Honeywell as an employer would do for its employees. It gets three or four insurance companies with different kinds of plans and says to its employees: We will pay for part of the cost. You get to pay for the rest of it. That is not federally run or government-run insurance. So the Democratic whip is simply wrong when he says the plan Members of Congress and Federal employees have is government run. That is simply not true.

I mentioned the medical device issue. I would note Senator KERRY is another one of our colleagues who, like me and like others, has expressed concerns about this issue because of the fact that the taxes paid by the medical device industry will, in fact, be passed on to consumers.

Finally, the Democratic whip asked where the Republican health care plan is. I do not know how many times we have to repeat this, but let me do it one more time. Time and time again, we have said: Here are things we believe will reduce the cost of health care, will help people get coverage who do not have it now, and will reform the system.

What are some of the ideas we have proposed? By the way, each of these were offered as amendments in the HELP Committee and in the Finance Committee and in the House of Representatives, and Democrats voted against every one of them every time. So it is not as if we do not have ideas and alternatives that would solve specific problems, it is that the Democrats do not like the ideas and, therefore, have rejected them. But I will repeat a couple of them one more time.

Republicans lead with medical malpractice reform, to try to do something about this jackpot justice system where lawyers end up getting most of the money, and doctors and hospitals have to practice defensive medicine to anticipate litigation and to be able to protect themselves against it. There are estimates: as much as 10 cent out of every health care dollar spent is on premiums that doctors have to pay for their liability insurance. There is over \$100 billion a year that can be saved from defensive medicine practices if we are able to have medical malpractice reform. The CBO even scored it—in a very narrow way—at \$54 billion just in savings to the Federal Government.

As my colleague, Senator ENSIGN, pointed out in an exchange with the CBO Director in the Finance Committee, one could anticipate that about twice that much savings would occur if we add in all of the savings to the private sector as well. So we could be talking about well over \$100 billion in savings. This is a huge amount of money. It does not cost the Federal Government a dime. It makes the system more fair, and it is a savings that can be passed on in the form of lower premiums and lower health care costs.

Another idea we have talked about a lot—you have heard it—the sale of insurance across State lines. Let's make

the insurance companies have to compete with each other. Sometimes they have little monopolies: there are only two or three companies in a particular State. Well, if we could buy our health insurance like we can buy our casualty insurance, our homes or our car insurance, from any company anywhere in the country, those insurance companies in our States would have to be better competitors. My guess is they would lower our rates and they would give us better benefits. That competition would help us. Again, it does not cost a dime.

How about association health plans, letting small businesses and groups band together to create larger risk pools? Risk pools help define the coverage. If we have a big risk pool, chances are we can get cheaper coverage. If we have a small risk pool, it is hard. That is why small businesses find it so hard. So we talk about larger risk pools through association health plans.

Madam President, I think I have exceeded my 10 minutes. We could go on and on with Republican ideas that have been proposed but get shot down by the Democrats. So it is not a matter of looking for a Republican proposal.

Let me conclude with this: It is true that Republicans will probably not propose a massive trillion-dollar bill as the Democrats have. That is true. We are not going to because we do not do 1,000-page bills in the Congress very well. We do not know the consequences of them. The cost is always enormous.

Republicans have a better approach. We believe we should do this step by step: First, regain the trust of the American people that we can do it right, and that we are listening to them about what they want rather than coming up with some grand scheme that a bunch of staffers and consultants in Washington, DC, came up with.

Let's listen to the American people, hear what it is they want. They do not want a massive, big spending bill that is going to add to our deficit, that is going to raise their taxes and raise their insurance premiums, and, in the end, not insure very many more Americans. That is not reform.

Madam President, I see my colleague from Tennessee is in the Chamber. He has been an eloquent spokesman on this issue, and I am pleased to yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. ALEXANDER. Madam President, I congratulate the Senator from Arizona for identifying so well, among other things, how Republicans would like to approach the health care reform costs. We want to reduce costs for individuals who are buying insurance, and we want to reduce the cost of our government. Rather than a comprehensive 1,000-page, trillion-dollar bill filled with surprises, we prefer to go step by step in the right direction; that is, reducing costs.

The Senator from Arizona has mentioned ways to do that. Whether it is

allowing small businesses to pool their resources, which could add millions of people to the rolls of the insured in the country, whether it is reducing junk lawsuits against doctors, whether it is allowing for the buying of insurance across State lines or health insurance exchanges or using health information technology, we can take steps in the right direction to regain the trust of the American people and move toward reducing costs.

The Senator also did a very clear job of pointing out how the Baucus bill may actually increase costs. There has been a lot of squirming around on the other side because it has been suggested that instead of premiums going down—which is the whole point of this exercise, reducing costs—they might go up. I would like to talk about that a little bit today.

Premiums, your premiums—and let's talk about who the "you" is. We have about 170 million Americans who have employer-based insurance, and we have a total of about 250 million Americans—that is most of us—who have some kind of insurance premium that either we pay or is paid for us. I think our goal is to make it easier to afford those premiums; in other words, to reduce costs. But the Baucus bill, in at least four ways, increases costs, and raises premiums.

One way is it reduces the penalty for individuals and families who are required to buy insurance so they might not buy insurance, and if the young and healthy go out of the insurance pool, premiums of everybody who is in the insurance pool go up.

No. 2, the Baucus bill will say—and so do the other bills the Democrats have presented—that my children, who pay lower premiums than I do, will have higher premiums because under the law there can't be as much difference between what an older person pays and what a younger person pays. So for most young Americans who buy insurance—and in this case they will be required to buy insurance or pay a penalty, so their premiums go up.

There is a third reason premiums go up. Premiums will go up because, when you buy insurance, you don't just get to buy any kind of insurance; you buy a government-approved, basic policy. It sounds like a little more Washington takeover to me. When you go out to buy your government-approved, basic policy, what you will find under this bill is that for millions of Americans, it will cost you more. Your premiums will go up. There are a great many Americans who make the sensible decision of buying a high deductible policy. They say: I will pay most of my health care costs up to a point, but I will buy the insurance for the catastrophe in my life that I could never afford. Well, those policies will not be as available.

Then, finally, there are going to be \$955 billion in new taxes. The bill is very careful about not placing them directly on you; it puts them on everybody you buy things from. It puts them

on people from whom you buy your medical devices; it puts them on people from whom you buy your health insurance. We all know what will happen when we put taxes on people from whom we buy things. If we put taxes on oil companies, what happens? They pass it on to us at the gas pump. If you put taxes on all these health care services, what happens? Our insurance premiums go up.

So one does not have to be an actuary to figure this out. If the individual mandate penalty is weaker, premiums go up. If young people can't buy cheaper policies—cheaper than mine if there is a rule—their premiums go up. If we all have to buy government-approved policies, or most of us do, that are richer than what many of us want to buy today, our premiums go up. If we have \$955 billion in new taxes when the bill is fully implemented, most of which are passed along to us, our premiums go up.

So I would ask this question: What is this exercise all about? I thought it was about reducing costs. I thought it was about lowering the cost of our insurance premiums. But it looks as though it will increase the cost of our insurance premiums and, if that is true, we ought to reject this bill for that one reason alone. Of course, we haven't even seen the bill. It is not written yet. It has to be combined by the majority leader in a dark office somewhere and then we will see it. But that is what we should be looking for.

It is often said that—that is another reason why the Republican idea of a step-by-step approach to reduce costs makes a lot more sense than these big, comprehensive, 1,000-page, \$1 trillion bills. We want to reduce the cost of insurance, but we don't want to pass a bill that raises premiums to do that.

It has been said there is not much bipartisanship.

Madam President, I hope you will please let me know when I have consumed 9 minutes.

The ACTING PRESIDENT pro tempore. The Chair will notify the Senator.

Mr. ALEXANDER. Again, it has been said there is not much bipartisanship in this debate. That is not true. There has been a partisan rejection of a bipartisan bill. Fourteen of us signed up on the bill which Senator WYDEN, a Democrat, and Senator BENNETT, a Republican, offered.

There is another option the various committees had. It didn't increase the debt a penny. It gave people more choices. It didn't have a new government program. It had a lot of good principles in it, but that was rejected. That didn't get the time of day, no more than the Republican step-by-step proposals, but there are other bipartisan efforts other than Wyden-Bennett. There is the Reid amendment offered by the majority leader. He became concerned about how the Baucus bill was going to transfer to the State of Nevada big, new Medicaid costs that

might result in new taxes. Every single Governor in the country is concerned about that, Democratic or Republican. So the majority leader fixed the problem for Nevada and three other States. We will call that the Reid amendment and when this bill comes to the floor we are going to introduce a Reid amendment and we are all going to support it because we want it for Texas, we want it for South Dakota, we want it for New York, we want it for California. If the Federal Government is going to expand Medicaid, the Federal Government needs to pay for the Medicaid expansion and not send it to the States. So that will be a bipartisan step.

Then there is another bipartisan step, and that was from eight Democratic Senators who wrote in and said: We want to be able to read the bill and know what it costs before we start voting on it. All 40 of us agree with that on the Republican side and we believe that is the right thing to do: Put it on the Internet for 72 hours. Senator BUNNING has offered an amendment for that. That now has bipartisan support.

That means, when this bill is finally written—it is not a bill yet—when it comes out of the back rooms, it will at least be on the Internet for 72 hours. Then we will need to have a complete fiscal estimate. That ought to take a couple or 3 weeks. Then we need to come to the floor and debate it because we need to know: Are your premiums going up or down? Are taxes going up or down? What about these Medicare cuts: \$500 billion in Medicare cuts not spent to restore Medicare but for a new government program, I think. My point is, there are a number of questions that need to be answered.

Let me conclude in this way: We have a bipartisan approach. We want to read the bill and know what it costs. Enough of us do that, so I think we will do that, and we will have at least as good a debate as we did on the farm bill. That took a month. The Energy bill took 2 or 3 months. This is one-sixth of the economy, and we will need several weeks to talk. What will we be talking about? We will be talking about—at least I will be talking about—whether this bill is reform; whether it will reduce costs, and whether it will raise your premiums or lower your premiums. If it weakens the individual mandate; if it says young people can't buy inexpensive policies anymore; if it says millions of us have to buy government-approved, richer policies instead of policies with high deductibles; and if it imposes \$955 billion of taxes that will be passed on, raising our premiums; if it raises our premiums instead of lowering our premiums, then why are we doing this?

That is not health care reform. That is not reducing costs. We should instead take the Republican approach and go step by step to reduce costs starting with small business health care plans, reducing junk lawsuits, allowing insurance to be sold across

State lines, creating health insurance exchanges, implementing health information technology, and changing tax incentives.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota is recognized.

Mr. THUNE. Madam President, I wish to pick up where my colleague from Tennessee left off and talk a little bit about this issue that is before us and before the country right now, the issue of health care reform. I would submit to my colleagues in the Senate that the purpose of reform, as has been stated now for many years as reform has been talked about, is that we have to do something to get health care costs under control. We have to rein in these increasing, double-digit, every year inflationary increases people are seeing in their health care costs. So the purpose of health care reform, as stated, is to lower the costs of health care for people in this country, as well as to extend coverage, provide access to coverage for those who don't normally have it, which, as has been noted in the past, is about 15 percent of the population. About 85 percent of the people in this country do have health care, and their concern is: What are we going to do to drive down the costs of health care? What are we going to do to make my health insurance cost less and my health care coverage cost less?

In that vain, I wish to point out an article from yesterday in the Wall Street Journal, which I would recommend to my colleagues and which was written by former CBO Director Douglas Holtz-Eakin.

Madam President, I ask unanimous consent to have that article printed in the RECORD.

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

[From the Wall Street Journal, Oct. 13, 2009]

#### THE BAUCUS BILL IS A TAX BILL

(By Douglas Holtz-Eakin)

Remember when health-care reform was supposed to make life better for the middle class? That dream began to unravel this past summer when Congress proposed a bill that failed to include any competition-based reforms that would actually bend the curve of health-care costs. It fell apart completely when Democrats began papering over the gaping holes their plan would rip in the federal budget.

As it now stands, the plan proposed by Democrats and the Obama administration would not only fail to reduce the cost burden on middle-class families, it would make that burden significantly worse.

Consider the bill put forward by the Senate Finance Committee. From a budgetary perspective, it is straightforward. The bill creates a new health entitlement program that the Congressional Budget Office (CBO) estimates will grow over the longer term at a rate of 8% annually, which is much faster than the growth rate of the economy or tax revenues. This is the same growth rate as the House bill that Sen. Kent Conrad (D., N.D.) deep-sixed by asking the CBO to tell the truth about its impact on health-care costs.

To avoid the fate of the House bill and achieve a veneer of fiscal sensibility, the

Senate did three things: It omitted inconvenient truths, it promised that future Congresses will make tough choices to slow entitlement spending, and it dropped the hammer on the middle class.

One inconvenient truth is the fact that Congress will not allow doctors to suffer a 24% cut in their Medicare reimbursements. Senate Democrats chose to ignore this reality and rely on the promise of a cut to make their bill add up. Taking note of this fact pushes the total cost of the bill well over \$1 trillion and destroys any pretense of budget balance.

It is beyond fantastic to promise that future Congresses, for 10 straight years, will allow planned cuts in reimbursements to hospitals, other providers, and Medicare Advantage (thereby reducing the benefits of 25% of seniors in Medicare). The 1997 Balanced Budget Act pursued this strategy and successive Congresses steadily unwound its provisions. The very fact that this Congress is pursuing an expensive new entitlement belies the notion that members would be willing to cut existing ones.

Most astounding of all is what this Congress is willing to do to struggling middle-class families. The bill would impose nearly \$400 billion in new taxes and fees. Nearly 90% of that burden will be shouldered by those making \$200,000 or less.

It might not appear that way at first, because the dollars are collected via a 40% tax on sales by insurers of "Cadillac" policies, fees on health insurers, drug companies and device manufacturers, and an assortment of odds and ends.

But the economics are clear. These costs will be passed on to consumers by either directly raising insurance premiums, or by fueling higher health-care costs that inevitably lead to higher premiums. Consumers will pay the excise tax on high-cost plans. The Joint Committee on Taxation indicates that 87% of the burden would fall on Americans making less than \$200,000, and more than half on those earning under \$100,000.

Industry fees are even worse because Democrats chose to make these fees non-deductible. This means that insurance companies will have to raise premiums significantly just to break even. American families will bear a burden even greater than the \$130 billion in fees that the bill intends to collect. According to my analysis, premiums will rise by as much as \$200 billion over the next 10 years and 90% will again fall on the middle class.

Senate Democrats are also erecting new barriers to middle-class ascent. A family of four making \$54,000 would pay \$4,800 for health insurance, with the remainder coming from subsidies. If they work harder and raise their income to \$66,000, their cost of insurance rises by \$2,800. In other words, earning another \$12,000 raises their bill by \$2,800—a marginal tax rate of 23%. Double-digit increases in effective tax rates will have detrimental effects on the incentives of millions of Americans.

Why does it make sense to double down on the kinds of entitlements already in crisis, instead of passing medical malpractice reform and allowing greater competition among insurers? Why should middle-class families pay more than \$2,000 on average, by my estimate, in taxes in the process?

Middle-class families have it tough enough. There is little reason to believe that the pain of the current recession, housing downturn, and financial crisis will quickly fade away—especially with the administration planning to triple the national debt over the next decade.

The promise of real reform remains. But the reality of the Democrats' current effort is starkly less benign. It will create a dan-

gerous new entitlement that will be paid for by the middle class and their children.

Mr. THUNE. Madam President, I wish to highlight a few sentences from that article regarding the bill that was reported out of the Finance Committee earlier this week. In that article he says this:

The bill would impose nearly \$400 billion in new taxes and fees. Nearly 90 percent of that burden will be shouldered by those making \$200,000 or less. It might not appear that way at first because the dollars are collected via a 40-percent tax on sales by insurers of "Cadillac" policies, fees on health insurers, drug companies, and device manufacturers. But the economics are clear. These costs will be passed on to consumers by either directly raising insurance premiums or by fueling higher health care costs that inevitably lead to higher premiums.

Mr. McCAIN. Madam President, will the Senator yield for a question?

Mr. THUNE. I am happy to yield to my colleague from Arizona.

Mr. McCAIN. It is my understanding of the proposal that this reform will begin to be implemented in what year?

Mr. THUNE. I believe the answer to that question, I might state through the Chair, is 2013, 2014.

Mr. McCAIN. 2013, 2014. But when do the taxes that would supposedly implement this proposal kick in?

Mr. THUNE. The taxes, I would say to my colleague, again through the Chair, kick in immediately. You get the revenues starting to come in right away. So the revenues are front-loaded, the costs of the program are back-loaded, so it understates and distorts what this new proposal will cost.

Mr. McCAIN. So we have 10 years' worth of tax increases to pay for 5½ years of the implementation of this so-called reform, and then what are the implications in the future?

Mr. THUNE. Well, that is clearly the case. If you look at the 10-year cost of this, because the revenues—the tax increases—are front-loaded, and we get to see basically 10 years of tax increases and only about 5½ years of actual implementation of the program, what you have to do to get a full picture of what the cost of this program will be is take the fully implemented cost. When you take the fully implemented cost, I would say to my colleague from Arizona, you are looking not at the \$829 billion that was reported by the CBO; because of this distortion and this creation of a revenue source before the actual costs kick in, you are looking at a \$1.8 trillion new entitlement program fully implemented over a 10-year period.

Mr. McCAIN. I have one more question for my colleague. Is there any provision in the legislation, as you have seen it, that has any approach whatsoever to medical malpractice reform or medical liability reform which, in the view of many experts, could be as much as \$100 billion to \$200 billion a year?

Mr. THUNE. There is not.

Mr. McCAIN. Isn't that incredible?

Mr. THUNE. I think it is incredible because it is now validated by the Con-

gressional Budget Office that if you were to incorporate that, you would drive down the cost of health care in this country by literally billions and billions of dollars. Yet there is no mention or reference to medical malpractice reform in this bill.

Mr. McCAIN. Isn't it true, as much as we respect the Congressional Budget Office and their figures as to the amount of money that can be saved by implementing meaningful medical malpractice reform, such as is the case in the State of Texas, that it doesn't reduce the costs as far as litigation is concerned? Not only that, but I don't believe it is calculated using the way they calculate costs: The incredible increase in health care costs associated with the practice of defensive medicine, with doctors prescribing unneeded, unnecessary and, many times, because of the nature of the procedure, unwanted additional tests and procedures because that physician is practicing what we call defensive medicine, which is the fear of finding themselves in court; and not only because of the increasing premiums for medical malpractice but also obviously the time, the effort, the energy, including damage to reputation that could accrue from a lawsuit brought against that physician.

The ACTING PRESIDENT pro tempore. The Senator from South Dakota is recognized.

Mr. THUNE. Madam President, my understanding is that the Congressional Budget Office does not only contemplate the cost of litigation, it does not take into consideration the cost of the practice of defensive medicine, which, as the Senator from Arizona noted, is an enormous additional cost, and many independent estimates suggest \$100 billion to \$200 billion annually. The CBO study only took into consideration government health care, so it didn't include the private health care delivery in this country. But many physicians, as the Senator noted, practice defensive medicine because they are worried about being sued. All these duplicative tests and additional practices that are undertaken by doctors in this country to avoid the lawsuit potential or the risk they incur when they practice medicine adds significantly—as I said, as independent estimates suggest, to the tune of \$100 billion to \$200 billion annually.

Mr. McCAIN. Madam President, isn't it absolutely incredible that in the name of reducing health care costs, and with the burden that rising health care costs impose on every American family, that there should not be one provision—one meaningful provision—for medical liability reform, which is, in the judgment of any objective observer—except maybe the trial lawyers—something that must be implemented if you are going to have a serious effort at reducing the cost of health care in America?

Mr. THUNE. Absolutely. I think that in a moment of honesty Howard Dean

recently said that the reason medical malpractice reform is not included in this legislation is because they didn't want to take on the trial lawyers. It seems to me that you cannot have a meaningful discussion about lowering health care costs in this country absent the inclusion of this issue—an important issue—of the practice of defensive medicine, which is tied directly to medical malpractice lawsuits in this country, and the desperate need we have for reform in that area.

Mr. MCCAIN. I thank my colleague.

Mr. THUNE. Madam President, as the Senator from Arizona noted, an important component of the debate is the cost curve, which leads to higher premiums and health care costs both in government-held care—Medicare and Medicaid—and in private health care delivery.

Despite all of the promises the President has made to the contrary, there isn't anything in these bills to date, according to the CBO, that drives the cost curve down. In fact, what we are looking at is higher health care costs attributable to many of the provisions in these bills. It is interesting to know, because during the hearing, the Director of CBO, Doug Elmendorf—and earlier I mentioned Douglas Holtz-Eakin, a former CBO Director, but the current Director has repeatedly admitted that he did not have the opportunity to find answers to some of the important questions in this debate. CBO told us increased taxes will be passed on in the form of higher premiums, general dollar for dollar. When he was asked if CBO calculated how much insurance premiums will rise for Americans who already have coverage, he said no. When he was asked whether they calculated whether total spending on health care would go up or down, he said no. When he was asked if they calculated how the bill would affect access to health care, he said no. Because of the way the bill has so many holes and no real legislative language, and the way it has been rushed through, there has simply not been time, evidently, for CBO to look at this and to know for certain what some of the impact will be. I have to ask, would Americans buy a health care plan without knowing how much it costs? Does anybody in this country look at buying a plan without knowing its cost? That is exactly what the Democrats are doing with this bill—buying a national health care plan without any idea about how much it is going to cost the Nation or individual taxpayers.

We do know that the plan is going to bring us higher taxes, higher premiums, and cuts in Medicare. I think that is a fair assessment. Two studies last week—Independent analyses—verified that premiums are going to go up. I will point out that one of those studies which came out yesterday—the Oliver Wyman study—said premiums will increase in the individual market approximately \$1,500 for single coverage and \$3,300 for family coverage an-

nually. That is exclusive of inflation. So the annual inflationary increases we are seeing in medical expenses are not included in that estimate, but it is \$1,500 for an individual and \$3,300 for a family annually, the increase in cost for coverage.

Small employers purchasing new policies in the reform market are going to experience premium increases that are up to 19 percent higher. This is in year 5 of reform. The other study—the PricewaterhouseCoopers study—which came out a couple days ago, also had some statistics that were revealing. It illustrated, too, that these premium costs that are going to be borne by the American people will go up significantly. So you have two independent analyses that have been done in the last week, talking about how much premiums are going to go up. We know now, with the Joint Tax Committee's assessment and CBO's assessment, that taxes will go up. We have said how the impact of that is going to fall. If you look at the biggest impact of the tax increases, families earning 150 percent of the Federal poverty line, \$32,200, will face an effective marginal tax rate of 59 percent. And 89 percent, according to the CBO, of the tax increases will fall on earners making less than \$200,000 a year. Fifty percent would fall on those making less than \$100,000 a year.

You have average Americans out there trying to cope with the cost of health care, along with the cost of everything else, who are going to be hit with higher taxes and premiums, and our senior population will be hit with higher Medicare premiums because Medicare will be cut, and it is going to impact the Medicare Advantage Program, and it will impact providers across this country.

What we know for certain about this bill is that it is going to spend \$1.8 trillion, when fully implemented over a 10-year timeframe; it is going to leave 25 million people without coverage; it is going to raise premiums for people in this country; it is going to raise taxes on people in this country, particularly those who make under \$100,000 a year—half of the tax burden will fall on them, according to the CBO and the Joint Committee on Taxation. That is what we are looking at with this legislation.

As much as is talked about in health care reform and covering more people and lowering costs, at the end of the day we are looking at higher premiums, higher taxes, and cuts in Medicare. That is the bottom line. That is why we, as Republicans, are looking for real solutions that bend the cost curve down. As the Senator from Arizona noted, one of those solutions certainly would be throwing into this mix the issue of medical malpractice reform.

I want to point out a couple of statistics before I conclude about how this would impact people in South Dakota, according to one of the studies. In the South Dakota market, the individual market, if you are buying in that market, you are going to see your pre-

miums go up by 47 percent. If you are a family, it will go up by 50 percent; and if you are in the small group market, you will see a 14-percent increase in premiums; and if you are an individual and for a family, it is 15 percent.

My State of South Dakota isn't going to fare very well when it comes to the costs associated with this plan. I argue that most Americans, as they evaluate the personal impacts of this health care reform proposal, are going to give it a thumbs down and, hopefully, we can go back to the drawing board and address this in the way we should have in the first place, and that is step by step, not rushing to jam through this massive expansion, this \$1.8 trillion program, with higher taxes, higher premiums, and cuts in Medicare.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Arizona is recognized.

Mr. MCCAIN. Madam President, I congratulate the Senator from South Dakota on a very important statement. I see the Senator from New Hampshire and others on the floor waiting to speak on this issue. I will be brief.

As the majority leader begins discussions behind closed doors to create the Senate bill that he is going to bring to the floor, I think it is important for the American people to understand the impact these policies will have on the cost of health insurance premiums, tax rates, and our economy for generations to come.

I think we should understand the smoke and mirrors used to make the Democrat proposal appear to improve the budget over the next 10 years. The following taxes start next year. If you have insurance, \$201 billion is raised in excise taxes on health plans. If you don't buy a plan, or you buy one that the government doesn't think is good enough, the concept proposal raises \$4 billion in fines on the uninsured. If you are an employer who today cannot afford to provide health insurance to your employees, which is the case with small business, the ones hurting the most—not Goldman Sachs or JPMorgan but the small businesses—the concept proposal raises \$23 billion in employer penalties and contributions. If you use medical devices, such as hearing aids or artificial hearts, the concept proposal raises taxes by \$38 billion on medical device manufacturers. Who will pay for that in the long run? The user. If you take prescription drugs, the concept proposal raises \$22 billion in new taxes on medicines.

The Congressional Budget Office estimates that Americans will face higher health insurance premiums, while waiting 4 years for the reform proposal to begin. This gimmickry is incredible. The President and Senate Democrats claim the proposal is under \$1 trillion and slightly reduces the deficit over 10 years. That is a joke—ten years of taxes but only 5½ years of implementation. To get the true 10-year cost of implementation, you should look at the

10 years beginning in 2013. Using the CBO numbers, we are told that the proposal spends \$1.8 trillion. That is the real cost of this proposal.

You might be justified in wondering what Americans get for that \$1.8 trillion. The answer is more government, with 13 million more people placed into the failed Medicaid Program. Medicaid is a program that is busting the Federal budget and State budgets all over America. Medicaid is a program that fails in patients having access to physicians. Forty percent of doctors will not see Medicaid patients. Medicaid is a program that fails in health outcomes for low-income Americans. We are not going to give low-income Americans more options for better health coverage; we are just giving them the status quo.

It is bad enough that the proposal massively increases government regulation of health care and insurance, massively expands the government-sponsored Medicaid Program—which the States cannot afford to pay for, as we all know—massively cuts Medicare and drives up insurance premiums in the process. But the proposal ignores what Americans want: less government, less taxes, more freedom, and more choices.

The concept paper in the Senate Finance Committee—it is not even a bill—slams Americans with an entitlement program that will grow faster, according to the CBO, than the economy, while at the same time dramatically increasing the tax burden on all Americans.

Let's restate the obvious about the Senate Finance Committee concept proposal. As the majority leader conducts his closed-door process to create the Senate bill he will bring to the floor, it is important for the American people to understand what impact these policies will have on the cost of health insurance premiums, on tax rates, and on our economy for generations to come.

I have seen recent information that the Medicare Part D Program, which is touted as a success—which I voted against because it wasn't paid for—is now having—guess what—increased costs. The problem is that we are not addressing the fundamental problems that cause a dramatic increase in health care costs in America. In fact, we are continuing a process that we have done, which is new entitlement programs, without ways to pay for them.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New Hampshire is recognized.

Mr. GREGG. Madam President, I congratulate the Senator from Arizona and the Senator from South Dakota for framing this debate on health care with very specific and excellent points.

The simple fact is that the cost of this program is grossly understated, but the cost is extraordinary, even when understated—almost a trillion

dollars. The real cost is \$1.8 trillion, when it is fully phased in. In fact, if you include in it the doctor fix, which was taken off the table so the cost would look better, which is \$200 billion plus, the cost of this proposal, when fully phased in, is over \$2 trillion over a 10-year period.

And the offsets that are going to be used to pay for this? Their plan is basically to cut Medicare Advantage, eliminate that program for seniors—a lot of seniors like Medicare Advantage—and try to save about \$400 billion doing that and take that money and create a brand new entitlement to benefit people who do not have insurance or people who do not have enough insurance, as defined by this bill. In addition, they will raise taxes and raise fees. Most of the fees will be coming in from the hospital associations, the doctors, the drug companies, and the insurers, all of which will be passed through, of course, to consumers in the form of higher premiums or higher costs. Again, it is going to be the consumers of America, Middle America, the people who use health care in this country, who are going to pay the cost.

It is a huge gap even between the stated amount that is going to be raised in this bill, and the real expenditure in this bill. And that gap goes directly onto the debt of our children—the debt of this country, which has to be paid for by our children.

This is in the context of an administration which has exploded the size of government in the first 10 months of its term—exploded the size of government. They have proposed a budget which over the next 10 years will run on the average \$1 trillion of deficit every year, which will take the Federal debt from about 41 percent of gross domestic product up to 80 percent of gross domestic product, which will take Federal spending from about 20 percent of gross domestic product up to about 25 percent of gross domestic product.

What do all those numbers mean? They mean quite simply that our children are going to be passed a country which will have so much debt and such a large government that it simply cannot afford it; that the quality of life of our children, as they move into their earning years, is going to be fundamentally undermined—their ability to buy a home, their ability to send their kids to college, their ability to just live the quality of lifestyle our generation has had is going to be fundamentally harmed by this administration's decisions to spend today as if there is no tomorrow or to spend today and pass the bills on to tomorrow. It is a true affront to the traditions of this country.

Let me quote from Thomas Jefferson because Thomas Jefferson is deemed to be the founder of the Democratic Party. Thomas Jefferson got a lot of things right, of course. He wrote the Declaration of Independence, the most brilliant document in the history of

mankind stating freedoms to which we subscribe. He played a major role in defining our Nation and what makes our Nation special.

He said this about debt. This was a letter to John Taylor in 1816:

I sincerely believe . . . that the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale.

That is a pretty strong word, "swindling," used by the founder of the Democratic Party relative to the use of debt.

Then he wrote to William Plumer, who, coincidentally, was the Governor of New Hampshire, in a letter. He said:

I, however, place economy among the first and most important republican virtues, and public debt as the greatest of the dangers to be feared.

The proposals which are coming out of this administration do swindle our children's future, just as Thomas Jefferson said. To run debts of this size, to run deficits of this size, to put in place a program that is going to cost almost \$2 trillion when it is fully implemented is basically to guarantee that this Nation is going to have such a burden of government that we will be unable to sustain our government in the form it is today.

What does that lead to when you run up those types of deficits and debt, when you run up that type of spending? It leads to two options: Our children are either going to inherit a nation where we have to devalue the dollar, and basically create a situation where everybody's savings and everybody's net worth is dramatically impacted by lessening the value of that through inflation or, alternatively, you are going to have to dramatically increase the tax burden of this country to a point where you will undermine the fundamental productivity of our Nation and put job creation and the capacity to have prosperity through job creation at risk because the tax burden will become so high.

In fact, it was pointed out, studies have shown that the tax burden will go up to 59 percent of income under some of the proposals that are pending just on this bill, to say nothing of when you start totaling up all the other bills, all the spending that will occur. Even today, the administration announced they want to spend \$14.5 billion more without offsetting it in any way to fund an interest group they feel needs to be funded.

This raises the fundamental question: Why do you proceed in this way? Why would you create a program that is going to have such a devastating impact on the economic future of our Nation? You do it because it gets you votes in the next election, I guess. I guess that is why you do it.

Certainly there are ways to reform health care, to improve health care that do not require this massive expansion in the size of government. There are a lot of ways to do that. Let me give a few.

For example, we could focus on the chronic diseases which are the drivers of health care costs in this country, diseases such as obesity and Alzheimer's. We could try to get those under control. That would help control costs.

We could give employers the incentive through monetary payments—actual cash—to say to their employees: Listen, if you go out and live a healthy lifestyle, we will give a reward in cash. If you stop smoking, if you get yourself into a workout situation where you drop weight, if you take tests such as having a colonoscopy, if you have a mammogram, we are going to reward you with money. That is a step which would significantly improve health care delivery and costs in this country.

We can say to the delivery systems: Listen, rather than doing a lot of quantity for the purposes of generating revenue, why don't you do a little quality with value tied to it? There are health care delivery systems in this country today which accomplish that. Rochester, MN; Salt Lake City, UT; Pittsburgh, PA—there are a whole series of these centers which have shown you can deliver better quality at lower costs if you are intelligent about it and reduce overutilization.

We could, as was discussed at length by the Senator from South Dakota and the Senator from Arizona, do something about abusive lawsuits. The simple fact is, abusive lawsuits are driving huge costs in the health care system. Thirty percent of health care is deemed to be defensive medicine. There is no reason doctors should have to give tests they don't believe they have to give, but they have to give in order to defend themselves from lawsuits. Those are foolish and expensive. Madam President, \$54 billion is the cost estimate from CBO of savings just from that one item, and that is an understated cost because it doesn't, as was pointed out, calculate the defensive medicine side.

Those are a few good ideas, but there are a lot more good ideas. It can be done on a step-by-step approach which gives us better health care without this attempt to basically take over the entire system.

Let's not play any more games around here. What is this about? This is about creating a system, putting in place an alleged comprehensive reform, the purpose of which is to drive private activity out of the market because there are a lot of people on the other side of the aisle who believe profit is bad and the marketplace does not work in health care, and that we should move towards a single-payer system. That is what this is about. Raise premiums to a level where employers will be forced to drop their insurance and push people into what is called this exchange. There will be a public plan in the exchange when it comes from the conference committee, should it get that far—hopefully it will not but if it does—and then basically push every-

body into the public plan and create an atmosphere where the playing field is so tilted against any sort of private activity that people who have their insurance today will lose it and you will have to choose a public plan, for all intents and purposes. That will be your choice 4 or 5 years from now.

The effect of that, of course, of moving toward a single-payer system, which is the stated goal of many of my colleagues on the other side and a majority of the people in the House of Representatives, the effect of moving to a single-payer system or a nationalized system is very destructive to our health care generally. Primarily, it means people will end up with delays. There will be price controls put in place relative to certain types of medicines you can receive. Innovation will be stifled because people will not be able to invest money and get a reasonable return, especially in the area of development of new pharmaceuticals and new biologics, which are so critical to the health care system today. We will have people standing in line. We will have people basically being subject to delays. We will have people, I absolutely guarantee you, finding their health care rationed depending on their age, as occurs in England under its system. And we will simply see a significant lessening of innovation and, most important, people will not have choices. You will basically be forced off the private system into a public system.

This is the ultimate goal here—not stated but clearly intended of what is going to happen if you move toward a system as has been outlined at least in the Kennedy-Dodd bill, as it came out of the HELP Committee and is now somewhere in this building—we don't know where—being merged into a new piece of legislation with the Finance Committee bill. So when Thomas Jefferson makes this point that you should not swindle the next generation by radically expanding your debt, we should live by that because it is a pretty good point. When a bill is brought forward on this floor which alleges to be fiscally responsible and it claims it meets the obligation, it meets its costs, but it understates the costs by almost \$1.2 trillion and overstates how much it is going to generate in revenues and you don't get these Medicare cuts unless—I have never seen Medicare reductions occur in this Congress. Then basically you are loading up the debt of our children. It is that simple. That is the inevitable response of this piece of legislation, that the debt will expand.

As Thomas Jefferson said, he believed in "the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale." And this may be the largest scale of swindling that has ever occurred in America's history.

I yield the floor.

The PRESIDING OFFICER (Mr. KIRK). The Senator's time has expired.

The Senator from Colorado.

#### HEALTH CARE REFORM

Mr. BENNET. Mr. President, I am pleased to be here today, as we were last week and the week before that, with other freshman colleagues to talk about the need for health care reform in this Congress. Today, what we want to focus on is the effect of health care reform on small business.

When I am in Colorado, what we always start with is a conversation about what problem is it we are trying to solve. When it comes to small businesses, they are the biggest losers in the current health care system we have today and, by extension, the people who work for small businesses.

Today in my State, small business pays 18 percent more to cover their employees than large business does. Some people say to me: Michael, that is obviously because they have a smaller pool of people; it is harder to spread the risk. And that is true, but from a business perspective, that is ridiculous. From a small business perspective, if you are going to spend 18 percent more on something, you ought to expect to get 18 percent more productivity out of your company or you ought to at least expect to get 18 percent better coverage for your employees. Of course, every small business owner in this country knows the reverse is true—coverage is worse, deductibles are higher. It is just an illustration of how challenging the status quo is for small businesses that, after all, employ most of the people in our economy and are going to be responsible for carrying us out of this recession.

One can see on this chart the extraordinary effect this has had on my State. Even before this current recession, we saw a huge drop in the number of people who were getting coverage at work and many fewer small businesses. Now we are almost at 40 percent—I guarantee that number is well below 40 percent today after this recession has occurred. Even fewer smaller businesses are able to offer their employees coverage, which is heartbreaking for small business owners all over my State and all over the other States represented here today. Many of these businesses are family-owned businesses. The businesses feel like a family. People feel responsibility and care for one another and take responsibility for, among other things, health care. But they are not able to do it anymore. They are making very tough choices as a result.

By the way, one of the choices they are making is to not raise wages. Median family income in Colorado went down by \$800 over the last 10 years, and in the country it went down over \$300 in the same period, while in my State health insurance premiums went up by 90 percent. Small businesspeople say to me that those things are directly related to each other. In other words, people have to make a choice between