banks that did the worst job in risk management. . . . In effect, the government is tilting the playing field—towards the losers. . . .

Paul Volcker says:

I do not think it reasonable that public money—taxpayer money—be indirectly available to support risk-prone capital market activities simply because they are housed within a commercial banking organization.

The question at the end of the day is, Are we going to address these things, such as too big to fail and get rid of no-fault capitalism and see if we cannot push investment banking to that which it used to be? I hope so. But on today, a day in which we hear of record home foreclosures and $140 billion in bonuses and compensation on Wall Street, I just say there is some huge disconnection in this economy of ours and it is something we ought to care about and something we ought to do something about.

This country works best when we lift the country, when we expand the middle class, when we have jobs available to people who want to work. There is no social program in this country as important as a good job that pays well. That is what makes everything else possible.

But this question of financial healing—when, first, the healing occurs to those who caused the problem, and the healing occurs in record compensation, $140 billion, at a time when other people are struggling to pay their grocery bills, struggling to buy the medicine they need, struggling to make their house payment because they have lost their job, there is something missing in this country.

My hope is, when I see all these stories about Wall Street—the same old Wall Street, nothing has changed, going right back to the same old risk, right back to the same old risk because they know, they have learned in the last year, whatever they lose, the American people will pick up the tab—this Congress had better say to them: No more, no longer, never again. Too big to fail is a doctrine that cannot continue to live at the Federal Reserve Board or in this government. It is time those at the top at the biggest institutions who take the biggest risks, when they lose—it is time they lose, not the American people.

So we are headed toward financial reform. When that happens, I will be on the floor of the Senate talking about the too-big-to-fail doctrine and how we are going to end it, and quickly.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. WHITEHOUSE). The Senator from South Dakota is recognized.

Mr. THUNE. Mr. President, I ask unanimous consent to speak as in morning business for up to 20 minutes.

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

## HEALTH CARE REFORM

Mr. THUNE. Mr. President, earlier this week the Senate Finance Committee, by a vote of 14 to 9, reported out its version of health care reform. That makes now five committees that have acted on this issue, five committees of jurisdiction—three in the House of Representatives and two in the Senate—all of which have now at least put out their products. But I say that loosely because what emerged from the Senate Finance Committee was not, in fact, legislative language; it was a concept paper. It is yet to be reduced to legislative language. That will take some time, I suspect, because many of the concepts that were included in the concept paper are pretty complex.

So what is happening now on the issue of health care reform, at least in the Senate, is in the leader's office. The chairman of the Health, Education, Labor, and Pensions Committee is meeting with the chairman of the Finance Committee, and I suspect a number of the members of the White House to hammer out what will eventually be the bill I suspect will come to the floor of the Senate. I say that only because the process has been very much flawed from the beginning. It is not one that is inclusive in terms of allowing ideas from our side of the aisle to be incorporated. It has not been a bipartisan process, to say the least.

My guess is that at the end of the day, what comes out of the leader's office will be a very different bill than anything we have seen so far. But I think there are certain characteristics in that bill that have been in all of the bills. I think we know a few basic things about all of the bills so far that are consistent, those things that have not changed.

The first one is it will lead to higher premiums. The second one is it will lead to higher taxes. The third one is it will include cuts in Medicare. So those three basic characteristics are the same with regard to all of the bills, the three that have emerged from the committees in the House of Representatives and now the two that have emerged from Senate committees and are currently being married up in the leader's office.

I predict when that bill comes to the floor of the Senate, the American people will have the same thing to look forward to that they have now with all of these various bills: higher premiums, higher taxes, and cuts in Medicare. Why is that significant? It is significant for this reason: Health care reform, at least as stated in terms of its purpose, is to lower costs. For the past decade and beyond we have been talking about health care costs in this country and how we have to do something to rein in the escalating costs people deal with every single year for health care and double-digit increases in health care costs for many of those years.

So the whole purpose of health care reform, at least my understanding of it, and I think as stated by the President and others, is that we need to rein in and get control of health care costs in this country. That is why it is ironic that of the five bills so far that have emerged from House and Senate committees, none bend the cost curve down. All increase premiums for people in this country, increase the costs for health care coverage.

In the Senate Finance Committee bill—the most recent version, which, as I said earlier, was reported out this week by a 14-to-9 vote—there wasn't a direct assessment or estimate of what that increase in premiums would be. There were simply generalized comments by the Congressional Budget Office that, yes, these increased taxes in the bill would be passed on generally dollar for dollar. In other words, the taxes that are imposed—a 40-percent excise tax on some of these insurance companies—would be passed on in the form of higher costs or premiums to health care consumers in this country without being more specific or quantifying in any more precise way what those increased costs would be. Nevertheless, they said basically the same thing we have seen in all of these various bills, and that is that health care costs—coverage, premiums—are going to go up. We are going to have higher premiums.

In the last week or so we have now seen two studies where independent analysts have looked at this and concluded the same thing. In fact, the PricewaterhouseCoopers study from a few days ago went so far as to say if you are an individual buying in the individual marketplace, you are going to see your health care premiums go up about $2,600 if this bill becomes law. That would be in the year 2019 at the end of a 10-year window, which is what the people who analyze these things look at. So it is about a $2,600-per-person increase in premium if you are buying on the individual market.

If you are a small employer who is employing 50 or fewer employees or an individual who is employed at one of those small businesses, you would see premiums increase $2,100 if you are an individual. If you are a family, you would see premiums increase $5,400 under the bill that was produced and emerged from the Senate Finance Committee. So whether you are an individual buying on the individual marketplace or whether you are getting your insurance through your employer, you will see higher premiums, higher health care costs according to this analysis. If you are a family, it is the same thing. It is just a varying difference in the amounts, but it is anywhere from $2,100 up to $5,400 of increased premium costs, according to the PricewaterhouseCoopers study.

This week there was a study released by Oliver Wyman which came to the conclusion that if you buy your insurance on the individual marketplace, you will see a $1,500 increase for single coverage and $3,300 for family coverage annually. That is exclusive of inflation. That doesn't include the normal inflationary costs that we deal with year in and year out for health care in this country. This study concluded the same thing the Pricewaterhouse-Coopers study did; that is, whether you buy on the individual marketplace, whether you get it through your employer, if you are an individual or you are a family, you will see higher premium costs. As I said, in this particular study, it is $1,500 for single coverage, $3,300 for family coverage annually.

They also broke it down State by State, which is important because I think everybody wants to know how this is going to impact our constituents, including my constituents in South Dakota. In this particular case, if you are someone buying on the individual market and you are an individual buying a single policy, you will see your health care premiums go up 47 percent. If you are someone who has a family buying on the individual marketplace, buying a family policy, you are going to see your premiums go up 50 percent. If you are in the small group market, if you have the good fortune of being in a larger group, you will see, if you are an individual, your premiums go up 14 percent. If you are a family in a small group market, you will see your premiums go up 15 percent, exclusive of inflation. So those are two recent studies where independent analysts have looked at the bill produced by the Senate Finance Committee and concluded there would be significant increases in premiums and in what people would pay for health care in this country.

So it begs the question: How is this reforming health care? The stated purpose of health care reform is to lower costs, to drive down costs for individuals and families. As you can see from these studies, that certainly isn't the case. Of course, the Congressional Budget Office, as I said earlier, indicated in response to questioning about the Senate Finance Committee that although they hadn't drilled down and figured out exactly what those premium increases would be, that inevitably you would have higher premium costs simply because the taxes imposed under the legislation would be passed on to health care consumers, and everybody who is buying health care out there would see their premiums increase, generally speaking, dollar for dollar. That was the conclusion of the Congressional Budget Office.

So higher premiums, that is the first thing we know about all of the health care reform plans so far that have been put forward.

The second thing we know as well, with certainty, is that they all include higher taxes. The House versions of this legislation used payroll taxes. They have an employer mandate—what we refer to as a pay-or-play mandate. There are additional, I guess you would say, ''add-on'' taxes for people who are in higher income categories, so they finance it with different forms of taxes. The tax increases proposed by the Senate Finance Committee—as I said earlier, there is an individual mandate, so if you don't have insurance, you will pay penalties. That will be a certain tax or fee on individuals in this country which will hit a lot of lower income individuals. But the insurance companies which would be hit with these tax increases, of course, would then pass those on to health care consumers. So, again, we see increases in taxes.

What the Congressional Budget Office did with respect to the issue of taxes is, it did go so far as to say where that tax burden would lie. Under the Congressional Budget Office estimate, 89 percent of the higher taxes in this bill produced by the Senate Finance Committee would fall on those wage earners, those taxpayers in this country earning less than $200,000 a year. They went so far as to say that, I think it was 71 percent of those—and that was in the year 2019—71 percent of that tax burden would fall on those earning under $200,000 a year when the bill initially kicks in.

So we are going to see significantly higher taxes on people making under $200,000 a year, according to the Congressional Budget Office.

The Joint Committee on Taxation has also analyzed this issue, and they came to some conclusions earlier this week as well, one of which was that, similarly, we would see almost 90 percent of the tax burden under this bill falling on those households with incomes under $200,000 a year. They went so far as to say that more than half of the tax burden would fall on those households with incomes under $100,000 a year. So almost 90 percent of the tax burden falls on wage earners, taxpayers with incomes under $200,000 a year, and over half of the tax burden falls on those wage earners, those taxpayers with incomes under $100,000 a year. That is according to the Joint Committee on Taxation.

So what does that mean? Well, that means the President's promise that health care reform would not impose taxes on those earning less than $250,000 is just a bunch of hot air. It just doesn't add up. We have the Joint Committee on Taxation and the Congressional Budget Office all saying that the disproportionate share of these taxes—the tax burden—about 90 percent is going to fall on $250,000 and under and over half, over 50 percent of the tax burden, falling on income earners, wage earners, taxpayers in this country with under $100,000 in income.

So the whole idea that somehow working families are going to be spared from the higher taxes under this bill just doesn't hold water. So what we are going to see in this bill is not only higher premiums that are going to affect people across this country who are expecting, because they have heard that health care reform is supposed to lower their health care costs—they are going to see higher premiums. Premiums are going to go up. They are also going to see their taxes go up, and go up significantly because if you look at the Joint Committee on Taxation—and this is a letter that was written in response to questions that were raised by members of the Senate Finance Committee, and it says:

> Subsidy phase-outs raise marginal tax rates because for every additional dollar you earn, you are eligible for a smaller subsidy, imposing potentially high effective tax rates on that additional dollar and reducing your incentive to earn that additional dollar.

According to the Joint Committee on Taxation, families earning 150 percent of the Federal poverty line—and that is $32,200 of income in this country; that is, 150 percent of the Federal poverty line—will face an effective marginal tax rate of 59 percent, meaning that for every additional dollar these taxpayers earn, they are losing 59 cents of it in foregone subsidies in taxes: Effective marginal tax rate, 59 percent on a wage earner who is making—that is 150 percent of the Federal poverty level or $32,200. So there are lots of higher taxes in this legislation and lots of higher premiums.

Of course, the final point I will mention, and the other point we know is consistent in all the bills, is significant cuts in Medicare. Under the Senate Finance Committee, there is almost a half trillion dollars' worth of cuts in Medicare in the form of Medicare Advantage, which is about $133 billion that will be cut out of seniors who are receiving benefits under Medicare Advantage: hospitals, home health agencies, hospices, pharmaceuticals—everybody gets a haircut under this proposal, all of which I would argue is unlikely to happen. Here is why.

Anytime Congress has enacted changes in Medicare that were designed to achieve savings, they inevitably go back and reverse course. We have lots of history to support that assumption. But, nevertheless, let's assume for a minute these taxes did occur.

A $500 billion, or $½ trillion, cut in Medicare that impacts seniors and health care providers in this country will be one of the results of the reform legislation that is being proposed by the Democrats in the Senate. The Finance Committee's version of that is the most recent. So that is $½ trillion in Medicare cuts, $½ trillion in tax increases, and $1.8 trillion in new spending when it is fully implemented.

There was sort of a smoke-and-mirrors approach used to shield the true cost of this by having the revenues kick in immediately. The tax increases kick in right away, but the actual costs under the plan don't kick up for about 4½ years. You have all these tax increases hitting people right away, and so the 10-year cost of this is understated significantly. CBO said $829 billion over the first 10 years. I think the important number to look at is what is the cost of this when fully implemented over a 10-year period. It is $1.8 trillion. That is $1.8 trillion in new spending, which is financed with higher taxes, cuts in Medicare, and, ironically, no savings to health care consumers because every analysis done says it is going to lead to higher premiums. I argue as well, in addition to higher premiums, there will be higher taxes and Medicare cuts.

You are also going to see a significant reduction in the quality of service in this country, as you have more and more government expansion in Washington, DC, more and more government involvement in the decisions that are made. The government will now put mandates on what types of policies meet their threshold, their standard. I think, inevitably, in every model around the world where you have that level of government intervention, it leads to a rationing of care, denials of care, and delays with respect to care.

I argue that the whole idea of this being characterized or labeled as reform is completely mislabeled. There is nothing that is reform about this. It raises premiums, raises taxes, and cuts Medicare. I think you are going to see, in addition to that, diminishment in the services that are available to people in this country through many of these programs.

What is the alternative? We believe that rather than throwing the entire health care system overboard in this country, we ought to be looking at what we can do on a step-by-step basis to improve it. Republicans have offered a number of alternatives. We can allow buying insurance across State lines. We believe interstate competition in buying insurance would put downward pressure on prices in this country. That is a good solution. We can have small business health plans, allowing small businesses to join groups. Group purchasing power will bring downward pressure on insurance prices. By the way, that is something a number of us voted for many times here in the Congress. It has always been defeated. Also, we can deal with the issue of medical malpractice reform, which, according to CBO, has significant savings—$54 billion. That applies to the government side of health care. If you extend that to private health care—I think there are estimates that defensive medicine in this country costs $100 billion to $200 billion annually. So if you could address that issue that deals with litigation costs and defensive medicine, you would see savings grow over the estimates of the CBO.

Having said that, those are several things, just off the top right there, that we think are step-by-step improvements in our health care system in this country. That doesn't throw overboard everything that is good about American health care. It doesn't move us toward a government plan or a single-payer system like they have in Europe, Canada, or someplace like that. It preserves the competition we have in the marketplace today and a market-based delivery system for health care in this country.

We will continue to talk about those ideas, as well as many others, including providing tax credits that will give access to health care for those who don't have it. There is a way to do that that is very simple.

By the way, the Baucus bill, the Finance Committee bill, still leaves 29 million people in this country without health insurance. In spite of $1.8 trillion in spending, new taxes, higher premiums, and everything that goes with that, you are still not getting many of the people who don't have health insurance covered.

We think the bill that will be brought before the Senate—we don't know what it is at this point because it is being written behind closed doors—is the wrong approach, and the correct approach is a step-by-step process that addresses the shortcomings, the flaws, and attempts to fix those in a way that doesn't bust the bank or the budget, that doesn't raise taxes on consumers and raise premiums for health care consumers, and that doesn't cut Medicare for seniors across this country and for many of the providers that are out there.

Mr. President, I hope that as the American people listen to this debate, they will engage on this issue; that the bill—whatever comes out of the discussions going on in the leader's office, I hope there is an ample amount of time for the American people to analyze it and for Members of the Senate to digest it. This is literally one-sixth of the American economy. We are talking about reorganizing one-sixth of our entire economy. We should do it with great deliberation and great diligence and with a great amount of care and, I argue, not by throwing the current system overboard and wrecking it but by taking a step-by-step approach that improves the system we have today and provides access to those who don't have health insurance and does something to bend the cost curve down and drive health care costs down rather than raising them, like all the bills that have been produced by the Democratic majority in the Congress.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. SANDERS. Mr. President, I wish to spend a few minutes talking on an issue that I think is of concern to tens of millions of senior citizens. Before that, I ask unanimous consent for Senator CHAMBLISS to follow me on the floor.

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

## SOCIAL SECURITY

Mr. SANDERS. Mr. President, as you know, today the Social Security Administration announced there will be no COLA, or cost of living increase, next year for more than 50 million seniors. That is the first time in 35 years that situation has occurred, and it worries me very much.

About a month ago, I introduced legislation which the occupant of the chair is a cosponsor of, along with Senators LEAHY, DODD, STABENOW, BEGICH, and CASEY.

I ask unanimous consent to add Senator MIKULSKI and Senator TOM UDALL as cosponsors of S. 1685.

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

Mr. SANDERS. We are all saying that in the midst of this major economic downturn, the worst recession since the Great Depression, while we are keenly concerned about the 9.8 million Americans who are unemployed officially, the Americans who have given up looking for work, the millions of Americans who are working part time when they want to work full time—when you add that all together, that is something like 17 percent of our workforce, about 26 million Americans. We are concerned about that issue, and we have to do everything we can to make sure we get this economy going in a way that benefits not just Wall Street but ordinary Americans.

While we remain concerned about the need to start creating the millions of jobs the middle class in this country desperately need, we cannot turn our backs on the senior citizens of this country. What we are seeing today is that millions of seniors are facing extremely high prescription drug costs. They are facing very high health care costs. We have to address that issue.

The legislation I introduced—and it was introduced by Congressman DEFAZIO in the House—would provide a one-time $250 payment for more than 50 million seniors and disabled veterans. We would pay for that cost of about $14 billion by raising the Social Security tax on people who earn between $250,000 and $359,000, on a 1-year basis—about $14 billion.

What I am delighted about is that yesterday President Obama announced his support for the concept of a $250 one-time payment to our seniors on Social Security and to disabled veterans. He did not yet determine, in his judgment, the best way to fund that program. I think it is a real step forward that he is doing that. I am delighted that the majority leader, Senator REID, has also been very strong on saying we have to make sure our seniors get some help this year, as has Speaker PELOSI and the chairman of the Ways and Means Committee, Congressman RANGEL. I think we are making some real steps in the right direction.

Let me quote what the President said because I think he was right on:

> Even as we seek to bring about recovery, we must act on behalf of those hardest hit by this recession. That is why I am announcing my support for an additional $250 in emergency recovery assistance to seniors, veterans, and people with disabilities to help them make it through these difficult times. These payments will provide aid to more than 50 million people in the coming year, relief that will not only make a difference for them, but for our economy as a whole, complementing the tax cuts we've provided working families and small businesses through the Recovery Act.

I very much appreciate that support from the President.

The bottom line is that this legislation is now in our jurisdiction. My