

This year, 35 million employees participate in employer-sponsored, employee-funded flexible spending accounts. These accounts provide relief for the ever-increasing amount of health care that families must pay out of their own pockets. How does cutting back on FSA accounts lower the costs of health care? These accounts are not just provided to the wealthy. On the contrary, the average income for flexible spending account participants is just \$55,000 per year.

Another clear increase on taxes for middle income families is the raising of the threshold for the itemized medical expense deduction from 7.5 percent of adjusted gross income to 10 percent. This tax deduction is already means-tested so that it only kicks in when medical expenses are catastrophic or nearly so. This is not a tax benefit for the wealthy. The Joint Committee on Taxation estimates that in 2013, approximately 11.5 million taxpayers would be affected by this proposal. Of that number, about half have incomes less than \$75,000.

Perhaps even worse are the indirect tax increases in the bill. One of the most troubling ones to me is an unprecedented fee levied on entire segments of the health care industry, including pharmaceuticals, medical devices, and health insurance. While these fees would be paid by corporations, they will ultimately be passed on to consumers in the form of higher prices or on to employees in the form of lower pay, or even layoffs. Under this plan, the cost of everything from contact lenses to hearing aids to thermometers would rise for consumers, creating one more unfair burden on middle income families seeking affordable health care.

And if you decide to either not have health insurance or if you need a more expensive plan than is allowed, the Democratic plan would raise taxes on you, even if you do not make anywhere near \$250,000 per year. This is part of the so-called individual mandate, which requires individuals to obtain health care coverage or pay an extra tax. The amount of tax could reach as much as \$750 per uninsured adult. Some may say this is simply a penalty for not doing what Uncle Sam wants you to do, but let us face it, it is nothing more than a new tax.

There are at least two provisions in the Finance Committee bill that raise serious constitutional questions. First, is the transition relief for the high-cost insurance plans that is granted to 17 yet-to-be determined States. This means that a different tax rate will apply depending on where you live. Second, is the individual mandate itself. The constitutionality of the mandate, as pointed out by the Congressional Research Service, has never been addressed. We are treading into new waters. Are we just going to simply ignore these serious constitutional questions?

Again, President Obama promised from the beginning that he would not

raise taxes on the 98 percent of Americans who make less than \$250,000. Unfortunately, the Democratic proposal we will soon be debating would break that promise. We are all for real health care reform, everybody, Republicans, Democrats and Independents, but not all of us are willing to pass it on the backs of middle-income taxpayers. At a time when we have trillion-dollar-plus deficits and an unemployment rate nearing double digits, this would be a colossal mistake.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The minority's time has expired.

Mr. HATCH. I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

(The remarks of Mr. UDALL of Colorado pertaining to the introduction of S. 2052 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Maryland.

#### HEALTH CARE REFORM

Mr. CARDIN. Mr. President, soon we will have an historic opportunity to take up the most significant change in our health care system in many decades, a bill that will help Americans deal with their health care needs, that will reform our health care system so we have affordable, quality health care for all Americans. This bill will help middle-income families who currently have health insurance. Because we are going to build on the current system, protect those who have good health care coverage so they are able to keep that coverage in the future, we base it on building on what is right in our health care system and correcting the problems that currently exist.

For a family who has health insurance today, they are paying a large amount of money for those who don't have health insurance. The number of people without health insurance has grown dramatically, to over 46 million Americans. The cost to a family who has health insurance for those who don't have health insurance is \$1,100 a year. That is a hidden tax on middle-income families today. Health insurance reform will help correct that inequity to help middle-income families. It will also reform the practices of health insurance companies dealing with preexisting conditions and caps put on the amount of coverage and with making sure that prevention is available without copayments and deductibles. All that will help middle-income families today who have health insurance.

But the critical factor, why this is so important for middle-income families today, is because of the escalating cost of health care. Health care is growing three times greater than wages. That means for the typical family, every year they are falling further and further behind on their standard of living, because more and more of their income

needs to be devoted toward health care costs. Whether your employee pays it or you pay it or a combination of both, it comes out of your compensation package. For many families, they are actually receiving less income every year because so much more is devoted toward health care costs.

In Maryland, 10 years ago the cost for a family was about \$6,000 for health insurance. Today that is \$12,000. By the year 2017, it is projected to be \$23,000. We are spending in America today \$7,400 per person for health care, \$2.4 trillion. Health reform will help middle-income families because we are going to bring down the cost of health care.

First, we invest in wellness. We know that if people take care of their own health care needs, if they deal with their diabetes, high blood pressure, high cholesterol, with keeping themselves healthy through exercise, if they don't smoke, all of that will bring down the cost of health care. The health care reform that we will be taking up invests in wellness programs, gives incentives for wellness programs to bring down the cost. What we also do is invest in health information technology. The amount of money we waste every year because of the administrative inefficiencies of the system is staggering. Also we have unnecessary tests that are given in the emergency room because they don't have medical records. We have the technology. Let's use it. We can use technology to keep people healthy by sharing information so that your health care provider knows what medicines you are taking. And managing care, we can save money by managing diseases much more effectively than we do. For all those reasons, health care reform will help control the escalating costs, and that will help middle-income families. It will also help small businesses.

Small businesses need more competition among health care insurance companies. Today, if you are a small business owner, there are very few options available as to who you can choose as your health insurance company. As a result, you are subjected to unpredictable annual adjustments in your premiums. We already know that health insurance is too expensive. We already know that it increases every year by too high a percentage rate. But for a small business owner, it is worse than that. They can be subjected to a 20, 30, 40-percent increase in any given year because they are not in the large pools that larger companies are. Health insurance reform helps small businesses by providing larger pools that small businesses can get into, more competition. The State exchanges provide information that is critically important for small businesses to get a competitive product, to get the product they want. It makes it more affordable.

Let me give one example. We all have received letters. I have received lots of letters from my constituents. I want to read one I received. It comes from

Keith, a Maryland small business owner. He writes:

Currently, I have what is considered a "Cadillac" health plan. It is an old CareFirst Blue Cross Blue Shield plan that does not cover vision or dental [and has] a moderate deductible. It only covers general health and drugs. My wife is disabled and is unable to work. She is under age 50 and has Medicare as a primary insurance and is on my family plan as secondary where she gets drug coverage.

This person is a small business owner involved in a plan.

I have one child with some health issues on the plan as well. Based [on] my situation, my health insurance options are limited.

I am a small business owner and have had significant increases in my insurance costs over the last 20 years. Currently, I pay \$29,000 for family coverage thru (sic) my company and last year I had \$9,900 in out of pocket expenses, which is "normal" for my family. My income is above \$100,000, but well below the \$250,000.

At one time I considered myself part of the middle class, but with my ever increasing health care costs, I now have second thoughts...

It is unbelievable to me that a family like mine could be in this situation. I know there are others far worse than mine and can empathize with their plight....

How can I be spending about \$40,000 a year [on health care] with no end in sight?

Well, help is on the way. The bills that have been reported out of our committees that the majority leader is now merging to bring to the Senate floor will help my constituent Keith, who finds that he cannot afford health care today even though he has certainly a reasonable income.

This legislation will also help our seniors. I mention that because there is a lot of concern about how we can strengthen the Medicare system, which is so important to our seniors. Well, the problem with Medicare today is that health care costs are going up. Medicare is a pretty efficient program. We know its administrative costs are far less than private insurance. But we cannot bring down the government cost of Medicare unless we bring down health care costs in America. That is exactly what the health care reform proposals will do.

It will also, by the way, use those savings to help our seniors by improving their prescription drug benefit so we can certainly make improvements to mitigate the doughnut hole on prescription drug coverage. It strengthens dramatically the preventative health care services that are offered our seniors under the Medicare system.

Well, the uninsured are also helped under this bill and those who are in danger of losing their health insurance by the State exchanges, where there will be more competition, more availability. The bill deals with affordability, providing subsidies for those who otherwise could not afford the health insurance.

One of the prime ways that is done is through the public option, so let me talk a moment about it. There has been a lot of discussion about it. I saw that it is going to be included in the

bill in the House of Representatives. The majority leader is looking to include that in the bill that is going to be brought forward on the floor of this Senate.

A public option is nothing strange to Americans. It is not that the government takes over health care; it does not. Health care is provided by private doctors, private hospitals. The most successful public option program in America in health care is Medicare, and I do not see anyone coming and saying we should do Medicare in a different way. Medicare has worked well, with the government providing the way we collect the premiums and collect the dollars necessary to pay the doctors and hospitals that are private, and where the Medicare beneficiaries can choose their own doctor or hospital. That is the way it should be.

The reason it is important to include a public insurance option in the bill that is being brought forward is to make sure we have an affordable option for those who cannot find insurance, so we have an affordable product in every part of America. If you live in rural America, it is tough to find an insurance company that is interested in insuring you if you are in the individual market. That is just a fact of life.

So the public option provides an affordable option and provides more competition. In my own State of Maryland, two insurance companies represent 71 percent of the private insurance market. We do not have effective competition in our State of Maryland. The public option offers more competition. If we have more competition, it is going to be less costly. That is the reason we want to make sure it is included in the bill that is brought forward and the bill we hope will be reconciled with the House and sent to the President of the United States.

Mr. President, as I said when I took the floor, we have a unique opportunity. We have a unique opportunity in taking up health care reform and health insurance reform to help the people of our Nation. We have to make sure we get it right. I agree with my colleagues, we need to take the time to make sure we get this bill right, but we need to act. We need to act in order to protect middle-income families so they have affordable health care coverage in America.

We need to act to help small businesses so they have more choices, more competition, so they can afford to provide health insurance for their employees. We need to act for our seniors and those who are disabled in the Medicare system to make sure we strengthen Medicare for future generations and can expand the benefits that are covered under Medicare.

We need to act for the sake of our economy. We need to act for the sake of our Nation. I encourage my colleagues to get engaged in this debate so that, at the end of the day, we pass a bill that is going to be in the best interest of the people of this Nation.

With that, Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I ask unanimous consent that I be allowed to speak for up to 20 minutes in morning business.

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

#### UNEMPLOYMENT INSURANCE

Mr. BAUCUS. Mr. President, these days, the economy is foremost on the minds of Americans, and well it should be. Two out of five Americans say the economy should be our top priority. That is more than twice as many as cite any other issue—two times that the economy is much more important.

The unemployment insurance bill before us today helps to address the economy in several ways. In several ways, our legislation would help Americans to get and keep good jobs. First, our bill would extend much needed unemployment benefits. This unemployment insurance relief would get money into the hands of people who need it—need it desperately. I might say, there are about 15 million Americans out of work chasing about 3 million jobs. There are many more people unemployed looking for work.

When we help unemployed Americans, let's also remember we help our communities, not just the individuals who receive unemployment benefits—and they have earned those benefits—but also the communities are helped by payment of those benefits. When we help our unemployed neighbors, we also help to keep open the neighborhood grocery store and the neighborhood gas station. When we help our unemployed neighbors, we also help to keep houses out of foreclosure. When we help our unemployed neighbors, we also help our economy; we help ourselves.

According to officials in my home State of Montana, if we do not pass this 14-week extension, then at least 7,000 Montanans will lose their unemployment benefits. That is a significant number when we consider the population of my State, which is just a little bit over 900,000 total.

A report prepared in June for the Montana Manufacturing Center showed that nationwide manufacturing employment fell from 13.8 million workers at the end of 2007 to 12.4 million workers at the beginning of 2009. That is a 10.5-percent drop in little more than a year—a 10.5-percent drop in workers in just more than a year. The decline nationwide was echoed in Montana, where manufacturing employment fell 8 percent.