

1996, it approved the START II treaty, which relied on the START I verification regime, by a vote of 87 to 4. Likewise, the Moscow Treaty was approved by a vote of 95 to 0.

The current administration has employed a capable team in Geneva. Just last week, National Security Adviser Jim Jones went to Moscow to underscore the importance of achieving agreement on a successor to the START treaty. The administration has publicly stated it seeks a new treaty that will "combine the predictability of START and the flexibility of the Moscow Treaty, but at lower numbers of delivery vehicles and their associated warheads."

This predictability stems directly from START's verifiability.

So far, most of the public discussion surrounding a potential successor agreement has focused on further reductions in strategic nuclear weapons. Scant attention has been paid to the verification arrangements for such a follow-on agreement. Informally, we understand that we will yet again be relying on START's verification regime in the new agreement. For me, this will be the key determinant in assessing whether a follow-on agreement that comes before the Foreign Relations Committee and the Senate furthers the national interest.

For the moment, we know only the outlines of such an agreement. What is certain is that after December 5, no legally binding treaty will exist that provides for onsite inspections.

My bill is not a substitute for a treaty, but without it, it is unclear how we can permit and by extension carry out any inspection activities. This might not appear troubling to some, but allowing a break in verification is not in the interests of the United States or Russia. Such a break could amplify suspicions or even complicate the conclusion of the START successor agreement.

I believe it is incumbent upon the United States and Russia to maintain mutual confidence and preserve a proven verification regime between December 5 and the entry into force of a new agreement. If we are to do so, the legal tools that are contained in the bill I have introduced are essential. There is nothing in my bill that requires the administration to admit Russian inspection teams in the absence of reciprocity by Moscow, nor does the bill expand verification beyond those already conducted under the START protocol. The authorities in the bill would terminate on June 5, 2010, or on the date of entry into force of a successor agreement to the START treaty.

We must ensure that needed verification tools will exist in the period between START's expiration and entry into force of a new treaty. I am hopeful that Congress will take action on S. 2727 in the near future and that both the Obama administration and the Russian Government will take steps to maintain inspection until ratification

of a START successor agreement is completed.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

HEALTH CARE REFORM

Mr. JOHANNIS. Mr. President, I stand today to highlight the tax hammer, as I would describe it, that is being brought down on the American people relative to the health care bills that are making their way to the floor of the Senate and literally are about to be debated on the House side.

In the Finance Committee bill, there are over \$500 billion in additional taxes and fees and fines and penalties. In the House bill, there are over \$750 billion in new taxes, et cetera. If you shrug your shoulders thinking: Well, that is a tax on those wealthy people; I don't have anything to worry about; I am not one of them—you are missing something. Actually, nothing could be further from the truth.

In my judgment, these taxes will stifle small business. They are going to shock families who think there is no way their modest income could possibly be taxed more by the Federal Government.

The House bill, let me start there. The first tax is a 5.4-percent surtax on what are referred to as the high-income earners. It raises taxes by about \$460 billion. This is a gigantic tax increase. But supporters of it make the case that, again, this is the rich people, creating the feeling that somehow you don't have to worry about that if you are not making a lot of money. But what they don't want to acknowledge is that this is a tax on business and small businesses. In fact, I would suggest if you wanted to be fair in this debate, you wouldn't call it the millionaire tax; you would call it by the proper name—the small business tax.

The Joint Committee on Taxation released a letter yesterday. It found that one-third of the tax—one-third of the tax—will be from business income. The Wall Street Journal has said this recently, and I am quoting:

The burden will mostly fall on small businesses that have organized as Subchapter S or limited liability corporations, since the truly wealthy won't have any difficulty sheltering their incomes.

In the United States, there are over 6 million small businesses. Last count, the last available information I could get my hands on, there were over 41,000 small employers in my home State of Nebraska. I have walked through many of these small businesses. I have visited with the people who are trying to keep these businesses going, and they are facing challenges to make the payroll.

Many of these small businesses exist in small communities in my State, and their employees are not just faceless people, people without names. These are people with whom they went to high school. These are people with

whom they worship on Sunday, they see at the grocery store. Our small businesses don't want to lay off these people.

Now, what would a 5.4-percent tax do to their bottom line, to their employees, to any potential of hiring in the future, to the communities they support? Well, one can see the impact it will have.

Shawne McGibbon, a former Small Business Administration official, said it very well and, again, I am quoting:

Nebraska depends on small businesses for jobs and economic growth. During this time of financial stress and economic instability, policymakers need to remember that the State's small businesses provide the economic base for families and communities.

Maybe to some from big cities or States that are mostly urban, the loss of 50 jobs is not a big deal. I can tell my colleagues it is a big deal to me. It is a big deal to my State. Fifty jobs in a community of 1,000 people is absolutely devastating. Those paychecks no longer spent on Main Street can literally bring Main Street to its knees.

Making matters worse, this tax is not indexed for inflation, so what can we predict? What is the most certain thing we can predict about this tax? It is going to have the AMT problem all over again. Each year it is going to creep down, every year capturing more and more people in the middle class.

The second tax I wish to talk about today is the 8-percent penalty on employers who don't offer insurance. Eight percent of their payroll or pay, at least 72.5 percent of workers' premiums, that is what they are faced with. Again, no matter how one sugarcoats it, this is going to cut into wages. For those who pay the 8 percent, that is going to total \$135 billion more in taxes taken out of our economy.

The Wall Street Journal, again, I think said it very well recently:

Such "play or pay" taxes always become "pay or pay" and will rise over time, with severe consequences for hiring, job creation, and ultimately growth.

I look over there at the House and they sure seem very determined to throttle the backbone of our economy—our small businesses. I will just tell them as somebody who has represented my great State as a Governor and now as a Senator: You take those jobs out of small communities and you will bring those small communities to their knees.

I pay attention to the wisdom conveyed back home. That is why we do our townhall meetings and we walk in parades and we do everything we can to listen to the people.

A constituent from Pierce, NE, a small community, a great community in our State, said it very well:

With my husband self-employed, around 30 percent of our income is required to pay income taxes. If these income taxes weren't so high, we would be able to afford and choose our own insurance coverage. More taxes for public health care is not the answer.

I wish to reference the Senate bill and a third tax—the penalty tax on individuals without insurance. It provides that if you don't have a government-approved health plan, you will pay a penalty of \$750 for singles and \$1,500 for married couples. The Congressional Budget Office has analyzed this penalty. Almost half of those paying the penalty tax would be between 100 and 300 percent of the poverty level. In some States, these good folks qualify for government assistance programs. So we are going to tax them or penalize them and then give them subsidies. Boy, only here could somebody make an argument that is rational. It makes no sense to the people back home.

Listen to this: A family of four earning between \$23,000 and \$68,000 in 2013 would be saddled with the new tax. We are literally talking about taxing not just the middle class but even below that level.

I remember a pledge being made. Last year, President Obama said:

No one making less than \$250,000 a year will see any form of tax increase.

Yet a family of four earning \$25,000 will be hit with a tax within a few years. Boy, that is a long way away—\$25,000 from \$250,000.

Nebraskans believe they can make better decisions about their own health care than the Federal Government. Let me repeat that. Nebraskans believe they can make better decisions about their own health care for themselves and their families than can the Federal Government. I stand here today to tell my colleagues I agree with them.

A constituent from Kearney, NE, said:

Is there anything I can do to take a stand against what I consider a huge tax burden and a loss of freedoms?

The individual mandate—just one more example of government intrusion into people's lives.

I have covered three of the tax hikes pervasive in the bills, but it is the tip of the iceberg. There are new taxes, penalties, and fees as far as the eye can see.

There is a very fitting quote from John Marshall. He said: "The power to tax is the power to destroy." The power to tax is the power to destroy.

As the health care debate continues, all of us should remember Chief Justice Marshall's wise words. Make no mistake about it. These various bills raise taxes and put burdens upon the American people at a breathtaking pace. Don't be fooled that this is all about taxing the rich people and the millionaires. This is really about taxing and taking from the American people, and Americans are seeing the truth.

Thank you, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, how much time remains on the Republican side?

The PRESIDING OFFICER. There is 14½ minutes remaining.

Mr. ALEXANDER. Thank you, Mr. President. Will you let me know when 3 minutes remain?

The PRESIDING OFFICER. The Chair will so notify.

Mr. ALEXANDER. I thank the President.

Mr. President, we have a lot of unusual things happening in the Senate, the Congress, and the world today, but apparently we are about to be presented with a rare opportunity that very few Senators ever have a chance to vote on. The Democratic congressional health care bill will present Senators—it is still being written from behind closed doors, but from what we can tell from the other bills—with an opportunity to vote for one-half trillion dollars in Medicare cuts and \$900 billion-plus in new taxes at the same time. It is very rare that any Senator has a chance to vote for Medicare cuts that big and new taxes that big all at once.

It is not an opportunity that many, if any, Republicans will take advantage of, but that is the proposal that is coming. It caused my colleague from Tennessee to say on the Senate floor yesterday that if Republicans were to propose the same thing—a one-half trillion dollars cut in Medicare, a 60-percent increase in premium costs, which is the estimated increase to Tennesseans who have insurance premiums, according to Senator CORKER, plus taxes of \$900 billion when fully implemented, it wouldn't get a single Democratic vote. I think Senator CORKER is probably right about that.

Whenever we say this, this brings a deep concern from the other side of the aisle. The Senator from Ohio came to the Senate floor and engaged in a colloquy with the assistant Democratic leader yesterday after I left the floor and said:

Imagine this, the Republican Senator from Tennessee is saying that Democrats are about to cut Medicare. Why would they say that? It makes me incredulous to hear the Senator say that Democrats are going to cut Medicare and we are going to use Medicare cuts to pay for health care reform.

The only reason we and everybody else who reads their bill is saying that is because it is true. The proposal is to cut grandma's Medicare and spend it on their proposal, to cut nearly one-half trillion dollars in Medicare spending and not spend it on making Medicare solvent.

We know the Medicare trustees have said the program is going to go broke in 2015 to 2017, yet we are going to spend that money on a new government program into which many Americans who now have employer-based insurance will find their way. It is not Republicans who are scaring seniors about Medicare cuts; it is the Democratic health care bills that are scaring seniors about Medicare cuts. They have a right to be concerned.

Just in case anybody who might be listening thinks we are making this up on the Republican side of the aisle, I brought with me a few articles from reputable sources that describe the

Democratic health care proposals and their proposed Medicare cuts.

Here is the New York Times on September 24, an article by Robert Pear, who writes about this subject regularly. It says:

To help offset the cost of covering the uninsured, the Senate and House bills would squeeze roughly \$400 billion to \$500 billion out of the projected growth in Medicare over 10 years.

That is the New York Times, Mr. President.

From the sanfranciscogate.com, this is an Associated Press article of September 22:

Congress' chief budget officer on Tuesday contradicted President Obama's oft-stated claim that seniors wouldn't see their Medicare benefits cut under a health care overhaul.

The head of the nonpartisan Congressional Budget Office, Douglas Elmendorf, told senators that seniors in Medicare's managed care plans could see reduced benefits under a bill in the Finance Committee.

The bill would cut payment to Medicare Advantage plans by more than \$100 billion over 10 years.

Elmendorf said the changes "would reduce the extra benefits that would be made available to beneficiaries through Medicare Advantage plans."

Then there is the CBO, which in its October 7 letter to Senator BAUCUS talked about in detail the proposed Medicare cuts. Then there is the Associated Press article of July 30, 2009, which says:

Democrats are pushing for Medicare cuts on a scale not seen in years to underwrite health care for all. Many seniors now covered under the program don't like that one bit.

That is not the Republican National Committee. That is the Associated Press reporting on what the bills say. It also says:

The House bill—the congressional proposal that has advanced the most—would reduce projected increases in Medicare payments to providers by more than \$500 billion over 10 years, a gross cut of about 7 percent over the period. But the legislation would also plow nearly \$300 billion back into the program, mainly to sweeten payments to doctors.

That still leaves a net cut of more than \$200 billion—

Says the Associated Press, describing the Democratic health care plan—

which would be used to offset new Federal subsidies for workers and their families now lacking health insurance.

In other words, we are taking money from Medicare and spending it on someone else.

The Senator from Kansas said it is like writing a check on an overdrawn bank account to buy a big new car. That is a pretty good description.

I have a couple more. This is the Los Angeles Times, which is not a Republican publication. The headline on June 14 was, "Obama to Outline \$313 Billion in Medicare, Medicaid Spending Cuts."

That is what Democratic Senators have always called such proposals, that is what the Los Angeles Times calls the proposals, and that is what we call it because that is what they are. The article says:

Reporting from Washington—Under pressure to pay for his ambitious reshaping of the nation's healthcare system, President Obama today will outline \$313 billion in Medicare and Medicaid spending cuts over the next decade to help cover the cost of expanding coverage to tens of millions of America's insured.

This is from an October 22 NPR report:

Over a decade, the committee would cut \$117 billion from the Medicare Advantage plans.

This is from an article in the Washington Post on October 23:

\$500 billion in cuts to Medicare over the next decade.

That is the Washington Post.

This is the Wall Street Journal on September 8:

Other sources of funding for the Finance Committee plan include cuts to Medicare.

Mr. President, the question is not whether there are going to be cuts to Medicare; that is the proposal. Maybe it is a good idea; maybe it is a bad idea. But we don't need to come to the Senate floor and say that something that is, is not.

The proposal in these large expansive health care plans—the 2,000-page bill coming from the House soon—is that it is basically half financed by cuts in Medicare—not to make the program solvent—a program which has \$37 trillion in unfunded liabilities over the next 75 years—but to spend it on a new government program. Those are the facts. That is why it is important that the American people have an opportunity to read the bill and know what it costs and know how it affects them.

The Republican leader and Senator JOHANNES have talked about taxes in the bill. Rarely does a Senator have an opportunity to vote on so many Medicare cuts and so many new taxes, as we apparently will have when this bill comes to us.

The taxes include a tax on individuals who don't buy government-approved health insurance. The Joint Committee on Taxation, our joint committee, and the CBO estimate that at least 71 percent of that penalty, that tax, will hit people earning less than \$250,000. So it is not just taxes on rich people. When you impose, as the Senate Finance Committee bill would, \$900 billion-plus in new taxes, when fully implemented, on a whole variety of people and businesses that provide health care, what do they do?

According to the Director of the CBO, most of those taxes are passed on to the consumers. Who are the consumers? The people who are paying health care premiums—250 million Americans. What does that mean? That would mean that instead of reducing the cost of your health care premium, we are more likely to increase it.

I ask, Why are we passing a health care reform bill that increases the cost of your health care premiums, raises your taxes, and cuts Medicare to help pay for that? There are increased taxes on health care providers, manufactur-

ers and importers of brand-named drugs, medical device manufacturers—these will all be passed on to consumers, according to the Joint Committee on Taxation and CBO. The Finance proposal raises the threshold for deducting catastrophic medical expenses, but eighty-seven percent of the 5.1 million taxpayers who claim this deduction earn less than \$100,000 a year. They are not millionaires. They earn less than \$100,000 a year. In fact, data from the Joint Committee on Taxation and the former Director of the CBO shows, by 2019, 89 percent of the taxes—these new taxes—will be paid by taxpayers earning less than \$200,000 a year.

The 2,000-page proposal from the House of Representatives would raise taxes by \$729 million. There is a tax on millionaires, but we know what happens to that when it is not indexed. Forty years ago, we were worried about 155 high-income Americans who were avoiding taxes, so the Congress passed the millionaires tax—the alternative minimum tax. Today, if we hadn't patched it, as we say, in 2009, that tax would have raised taxes on 28.3 million Americans. The millionaires tax will hit you if you keep earning money.

I have said quite a bit about Medicare cuts and taxes. I want to conclude my remarks by quickly saying what Republicans think should be done. We believe the American people do not want this 2,000-page bill that is headed our way. We want, instead, to start over in the right direction, which means reducing costs and re-earning the trust of the American people by reducing the cost of health care step by step.

Specifically, we would start with the small business health care plans. That is just 88 pages that would lower premiums, according to the CBO. It could cover up to 1 million new small business employees, and it would reduce spending on Medicaid. Then we could take a step to encourage competition by allowing people to buy health insurance across State lines, and we can take measures to stop junk lawsuits against doctors.

More health information technology could be a bipartisan proposal. We can have more health exchanges. The number of pages are very small. Waste, fraud, and abuse are out of control—\$1 out of every \$10 spent in Medicaid. Our proposal would offer a choice—a couple hundred pages, not 2,000—reducing premiums and debt and making Medicare solvent instead of cutting it, with no tax increases instead of higher taxes, and reducing costs.

That is the kind of health care plan Republicans have offered and the kind we believe Americans will want. We hope over time that will earn bipartisan support.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, how much time is remaining on both sides for morning business?

The PRESIDING OFFICER. The majority has 2½ minutes of morning business. The minority's time has expired.

HEALTH CARE

Ms. MIKULSKI. Mr. President, I would like to speak on health care. I note with interest the remarks of the Senator from Tennessee. I think there is former bipartisan agreement, but everybody says let's go through this step by step. The Congress has had an extensive health care debate. We in the HELP Committee have had extensive hearings, and we had a markup of our bill that lasted more than 3 weeks and had over 350 amendments, of which 75 percent were offered by the other side. We offered many of those amendments. When all was said and done, they voted no. So we don't know when good would be good enough. It is one thing to disagree on policy; it is another thing to want to do a filibuster by proxy, which is what we encountered in the committees with the increased volume of amendments.

We need health care reform, and we need it now. We need it in a way that accomplishes the goal of saving lives, improving lives and, at the same time, controlling costs.

No. 1, I think we all agree, we need to save and stabilize Medicare. The other thing we need to do is end the punitive practices of insurance companies.

I am going to tell you a bone-chilling story. I held a hearing in the HELP Committee on how health insurance in the private sector treats women. First, we pay more and get less benefits. But also what happened and what emerged is that a woman who applied for health care who had a C-section was denied by a Minnesota company unless she got a sterilization.

Did you hear what I said? An insurance company told an American woman, to get health insurance, she had to have a sterilization. Is this fascist China, fascist Germany? Is this Communist China? This is the United States of America. We were outraged.

I have been in touch with this insurance company. I got lipservice promises, blow-off letters from their lawyers, and stuff like that. I am ready with an amendment on the floor. We have to get rid of these punitive practices of denying health care on the basis of a previous condition. And then, not only doing that because of a C-section, but then to engage in a coercive way to force a sterilization.

So you think I want reform? You better believe I do. And I think I speak for the majority of the country who feels this way and the good men, such as the Presiding Officer, who will support us on it. I will have an amendment to deal with this if the insurance company continues to blow me off.

Mr. President, I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.