

give us a discount. I call it the Costco model. I don't know how many people here this morning understand the Costco model, but the Costco model is something where you buy in bulk and you make large purchases. You should get a discount. That is what we are saying. We want to give small businesses the same kind of purchasing power large businesses have so they can drive down costs. That is going to be a critical component of this legislation, and this Senator, along with my colleagues who are out on the floor today, is going to make sure that negotiating power exists in a final bill for small business.

Second, we need to make sure we also have provider reform, that provider payments reward not just volume but value. Right now in our health care delivery system, there is a lot of focus given to what I would say is the quantity of health care that is delivered, the fee-for-service system that basically ends up having insurers paying physicians for the number of patients they have seen or the number of tests they have ordered but is not generated or focused on payment to a physician based on the outcome of the patient. There are provider reforms in this legislation that will also help drive down the cost to small businesses because those providers will be focusing on what it takes to deliver health care to those individuals.

Third, we need to have better transparency on drug pricing because transparency of cost is something that will help us in negotiating, as a government purchaser, better health care benefits. Right now, there is a lot of unknown about health care costs in drug pricing because middlemen basically negotiate discounts on behalf of their customers but end up pocketing some of those benefits.

We want to make sure all three of these points are part of vital legislation to help drive down the cost for small businesses.

I have many small businesses come into my office. I met with some in the State of Washington. We are very proud of the diverse array of companies that exist in our State. A lot of people look at some of the major employers such as Boeing or Microsoft or, as I mentioned, Costco, Starbucks. Washington State is home to many entrepreneurs. There are many great companies that may be the big companies of the future but are the small businesses today, and they need our help and assistance.

Two of those, Kent and Linda Davis, run a technology consulting firm and pay \$1,500 per month for health insurance—\$1,500 per month. They just learned that in 2010 their premiums will increase by another \$300 per month. This is the third substantial increase they have had in a row. They want to hire more employees, but they cannot because of the cost of health care.

Another successful entrepreneur who has come into my office, Gene Otto, is

the owner of the San Francisco Street Bakery. You might think the San Francisco Street Bakery is in San Francisco, but it is actually in Olympia, WA, and it employs 20 people. Over the past decade, the increases in health insurance premiums have forced them to take dramatic reductions in the level of benefits and the number of employees they can cover. This is a company that wants to grow. They want to expand. They have great products and great services.

It is people such as the Davises and Gene Otto who are the economic engine of our economy. They are going to continue to depend on us to make sure that in this legislation and in this legislative debate, we are going to do everything we can to help small businesses grow.

Small businesses cannot grow if health care costs are going to rise 8 to 10 percent a year. It will hamper the ability of those small businesses to meet the demands and challenges of their workforce and keep them healthy, facing an economy that has been certainly challenged by this big downturn we have seen but that needs to go back to growth in the future. They want to be part of that. They want to be part of that growth, and they want to be part of helping our economy recover. But to do that, we are going to have to do something to control health care costs.

I applaud my colleagues who I know share these same issues and concerns: the Senator from Virginia, who has been very outspoken on the fact that we have to change our system to make sure we are bending the cost curve and focusing on driving down costs with provider reforms; my colleague from Louisiana, who is focused on making sure small businesses have clout and access to small business negotiations that large companies have; my colleague Senator SHAHEEN, who also has been a big supporter of making sure we have provider reform in the system; and Senator UDALL, who comes from a State that knows health care costs are a key component. If we want our economy to grow, we have to drive down health care costs.

Two of our former colleagues have been on the floor in the last few minutes—the Vice President of the United States and the Secretary of Interior. We are glad they have come up to Capitol Hill to continue discussions with us about how important this legislation is. I thank them for that. I thank them for their service to our country and for their willingness to serve in the administration. We certainly miss them in the Senate. But I think it emphasizes the urgency of the health care legislation, that our economy is struggling, that we want it to grow, that we think small businesses are going to be a key component of that, but we have to give them negotiating power. We have to give them the ability to negotiate with insurance plans to drive down the costs, and we have to do bet-

ter at reforming the system so we can see that growth happen in America.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, will you please let me know when 8 minutes has elapsed?

I, too, see the Secretary of Interior on the floor, who formerly was a Member of this body. We miss him. We are glad he is here. We are glad he is taking care of the treasured landscapes of America.

HEALTH CARE REFORM

Mr. ALEXANDER. Mr. President, an unusual thing is about to happen here: an actual debate is about to break out on the floor of the Senate about health care. Sometimes we are talking past each other. My friends on the other side talk about jobs and small business, so let me start there.

The difference between the Democratic proposals for health care and the Republicans is the Democrats start with a 2,000-page bill, more or less, with a government takeover, with more than \$1 trillion in spending, with new taxes, higher premiums, and Medicare cuts, and we don't believe they can spend that much more money without increasing the debt—in other words, all going in the wrong direction.

We believe we ought to be reducing costs step by step, and the Republican proposals say that step No. 1 should be small business health plans. They are saying they have an idea about small businesses, and we are saying the same thing.

In my few minutes today, I would like to show why our proposals are better than theirs. For example, Senator ENZI of Wyoming, who was chairman and is now the ranking Republican member of the Health, Education, Labor, and Pensions Committee, has a small business health plan he has been trying to get this Senate to vote on for years. In fact, this plan came up before the Senate, and our Democratic friends blocked it. They like to say Republicans are the party of no; they are the party of no because on May 11, 2006, they voted no to small business health plans which would lower health care costs for thousands of employees in this country.

Let me be specific about that and why it is superior to the suggestion that has been made in the Finance Committee bill, the 2,000-page bill which has come out of the Senate Finance Committee. In the Enzi plan, the Republican plan, we would allow small businesses to come together and pool their resources. What that means is, if I have a small business with 50 people and you have one with 100 people and you have someone with open heart surgery, you cannot afford to keep paying for health insurance anymore because that one employee's health care costs make it impossible for you to do that or you have to lay people off or you

have to reduce wages. That is what happens in the real world. What we are saying is, let's let small businesses come together, pool the resources, and offer insurance that way—spread the risk, in other words.

What does the nonpartisan Congressional Budget Office say the effect of that proposal would be on small businesses and their health care costs?

This is what the CBO said: No. 1, enacting the Republican proposal—which we would hope would gain Democratic support—would extend more insurance to at least 750,000 Americans who are employees of small businesses. That is No. 1, more people insured.

No. 2, it would lower the cost of insurance premiums, not raise them as this 2,000-page bill would—lower the cost of insurance premiums for three out of four employees.

No. 3, it would reduce the cost of Medicaid, the government program for low-income Americans, by \$1.4 billion.

More people covered, lower premiums, and a lower cost—that is what they mean by bending the curve. So if that is the proposal, why do the Democrats not allow us to vote on it? You see, we believe these 2,000-page bills with higher premiums and higher taxes, with Medicare cuts—we have these bills all over the place. Senator REID, the distinguished majority leader, has one in his office. He has been meeting secretly for weeks with people—we don't even know who—writing a bill which may emerge as early as today. Then when we get it, we will all have to read it. I am sure we will find more premiums, more taxes, more Medicare cuts, probably additions to the debt, probably more transfers of cost to State governments.

We have Governors who are Democrats and Republicans saying: Please don't do that to us. We are in the worst condition we have been in since the Great Depression, and you are going to dump a lot of costs on us that we didn't volunteer to pay. We can't afford it. We have to balance our budgets.

That is probably what is coming. What should we do instead? We said day after day on this floor that we should set a goal—reducing costs, the cost of premiums, the cost of health care to the government—and we should move step by step toward that goal.

We said step No. 1 should be small business health insurance plans. Step No. 2 should be to allow competition for insurance across State lines. That would reduce costs. Step No. 3 would be to reduce junk lawsuits against doctors, which some States have done, and which everyone agrees drives up costs, encourages defensive medicine, and causes doctors to move out of rural areas so that pregnant women have to drive 60 or 80 miles to Memphis or halfway across Alaska to get their prenatal health care or check into hospitals for 3 weeks in a big city so when they have their baby they will have a doctor available. That is the effect of that.

Then health insurance exchanges so you can shop for cheaper health care,

then reducing waste, fraud, and abuse. The General Accounting Office has said \$1 out of \$10 in the Medicaid Program, which the Democratic proposals will expand, is wasted. It goes down the drain every year—\$32 billion.

If we really want to reform health care, why do we keep coming up with these 2,000-page bills and trillion-dollar costs and higher premiums and higher taxes and Medicare cuts and additions to the debt at a time when we have 10 percent unemployment? What is that going to do to small businesses? New taxes are going to create more jobs?

We have the Finance Committee bill with \$900 billion of new taxes over 10 years when fully implemented. That is not going to create new jobs. New taxes are passed on.

If you run a business with 40 people or 100 people or 150 people, and you get a big new tax, what do you do? You layoff an employee, you reduce wages, you stop offering health care. You have to do that or you go out of business. That is what happens.

We would like to see a debate. We think the way to reform health care is, instead of these 2,000-page bills, let's set a goal—reducing costs. Let's go step by step in that direction to reearn the trust of the American people. Instead of talking in grand rhetoric about small businesses—they do have a plan embedded in the Finance Committee bill, but it is typically different from the plan we have proposed. Instead of allowing small businesses to pool their resources in the way I suggested so they, the small businesses, could be in control of their own health insurance, make decisions about it—no; the Democratic small business plan would not allow small businesses to pool their resources. It puts the government in charge of making decisions about what kind of insurance the small businesses could purchase. That is really a debate we ought to have.

As President Obama, correctly said earlier this year, the health care debate is not just about health care. The health care debate, said the President—correctly, I would respectfully say—the health care debate is a proxy for the role of the Federal Government in American lives. So would this debate about how to help small businesses be the same.

The PRESIDING OFFICER. The Senator has consumed 8 minutes.

The Senator from Idaho is recognized.

Mr. CRAPO. Mr. President, I would like to focus my remarks today on health care as many others have done. Actually, I am very glad to see the debate today was focused on small businesses and the impact of what we do on them.

I am surprised, however, to see those who are discussing the current legislation that is before us are discussing it as something that will benefit small businesses and will help to drive down the cost curve because, as remarkable as it may seem, this legislation that

both the House and the Senate have had under consideration—hopefully what we will now see in the near future as the final product that we will be able to review—will drive up the cost curve and increase the cost of health care, not only for small businesses but for everybody in America.

If we ask most Americans what they want in health care reform, they will tell us they want to stop the spiraling cost of health care insurance. Yet the legislation we see does exactly the opposite. Over the last few weeks I have come to this floor to discuss tax increases that were contained in the health care legislation passed by the Senate Finance Committee, both in terms of the big picture and, more specifically, in terms of what it means to middle-income Americans and to small businesses and to any American who wants to answer the question: How would this bill affect me and my family?

We have already heard the answer to that question in a number of different contexts, but I think it bears repeating. Under the Senate Finance bill, if you have insurance, you get taxed. If you do not have insurance, you get taxed. If you don't want to purchase insurance, you get taxed. If you have a job, you get taxed. If you need medical devices, you get taxed. If you take prescription drugs, you get taxed. If you have high out-of-pocket medical expenses, you get taxed.

The list goes on. The reason is this legislation will create new, brandnew massive entitlement programs to the tune of what we do not clearly know yet but which will almost certainly be in the neighborhood of \$2 trillion. It pays for them—or offsets the cost of those on the Treasury—by increasing taxes on the American people by hundreds of billions of dollars and by cutting Medicare by hundreds of billions of dollars.

We still do not have the “merged” Senate bill before us to review and debate, but we do have the House-passed bill to review. There have been a number of rumors and discussions in the media about what kind of new tax increases the Senate bill will have when it is finally disclosed. In fact, we hear we may find out, as a country—the people of America may find out tonight what this bill that has been negotiated and created behind closed doors actually contains. I would like to take a few minutes to review some of the provisions that we expect to be there.

The House version of the health bill contains more than \$752 billion of tax increases. Some of these tax increases are the same ones we have already seen in the Finance Committee bill, such as the medical device tax, the \$2,500 cap on flexible spending accounts, the prohibition on prepurchase health care accounts—FSAs and HRAs—and the doubling of tax penalties for those in emergency situations who must use a portion of their health savings account to pay for nonmedical bills.

There are many other new tax increases in the House bill which we have not seen in the Senate finance bill that we also need to review. From the beginning of this process the chairman of the Finance Committee has stated his intention to use only health-related offsets to pay for health-related spending. If there is to be new health-related spending, that is definitely the right approach. We all know what a difficult circumstance our country faces today when it comes to jobs. The current unemployment rate is 10.2 percent. The last thing we need to do is to enact policies that would make it even tougher for U.S. companies, particularly small businesses, to create new jobs. But, amazingly, the House bill contains more than \$80 billion in tax increases on domestic U.S. job-creating companies that have no involvement in the health care industry.

Not only do these provisions violate the idea that we should be staying within the health care arena to find offsets on the health care bill, but these antijob tax increases are the last thing we need in this fragile economy. The largest tax increase in the House bill would also have a devastating effect on the job creators in our country, particularly small businesses, that are the top job creators. This \$460 billion so-called “millionaire surtax” is bad policy for many reasons.

First, like the \$80 billion tax increase on domestic companies that I just mentioned, this tax increase grabs hundreds of billions of dollars from outside the health care arena to pay for a massive expansion of a new health care entitlement.

Second, although this provision is being billed as a tax increase on millionaires, the Joint Tax Committee reports that one-third of the revenue it will generate is not from individual income of millionaires but from small businesses. As we know, many small businesses file their taxes as individuals, and it would be these small businesses, the job creators of our economy, that would be facing this new punitive surtax.

Third, although you would think we would have learned our lesson from the alternative minimum tax, like the AMT, this new surtax would also not be indexed for inflation. That means, over time, this would creep further and further down the income scale, and more and more small businesses and middle-income families would be suddenly hit by this surtax.

Fourth, this surtax would not only apply to ordinary income, it also applies to capital gains and dividend income which are currently taxed at lower rates. The capital gains and dividend rates are currently 15 percent. If Congress doesn't act before next year, the rates will go back up to the pre-2003 levels of 20 percent for capital gains and up to a maximum of 39.6 percent for dividends.

The President has said he doesn't intend to extend the current lower rates

for individuals making less than \$200,000 a year or for families making less than \$250,000 a year. But if we add in this new surtax in the House bill, Americans above those thresholds who are currently paying a 15-percent capital gains tax rate would see their tax rate jump to 25.4 percent in 2011, and those currently paying the 15 percent dividends rate would see their rates jump to 45 percent by 2011.

Such a tax increase would violate yet another one of President Obama's tax pledges to the American people. Most of us are very familiar with his promise.

Most of us are familiar with his promise that no individual making less than \$200,000 a year or a family making less than \$250,000 a year would see any increase in their taxes. In fact, in his words, “not by one dime”—not an increase of their income tax, their payroll tax, their capital gains tax. In his words, not any of their taxes. Yet we see hundreds of billions of dollars of these taxes falling squarely on the middle class. In a speech in Dover, NH, on September 12, 2008, President Obama said:

Everyone in America—everyone—will pay lower taxes than they would under the rates Bill Clinton had in the 1990s.

This surtax clearly breaks that promise to millions of additional Americans.

Recent press reports have suggested that, in a need for even more tax revenue to pay for all of the new spending in the Senate, the Senate leader may include an increase and an expansion of the Medicare payroll tax. The Medicare payroll tax is funded by a 2.9-percent payroll tax levied on every dollar earned by employees. Half of this tax is paid by the employee and the other half by the employer, although in reality, the entire burden falls on the employee because the tax is taken from the employee's available wages. Revenue from this tax goes into the Medicare trust fund and is intended to be used for Medicare expenses when that individual enters retirement. Under this new plan, Senate Democrats are considering applying this Medicare tax to capital gains, dividends, interest, royalties, and partnerships for American families earning more than \$250,000. None of this income is currently subject to the Medicare payroll tax.

In addition, Democrats are said to be contemplating raising the employee's share of this tax, currently 1.45 percent of wages, to 1.95 percent. Press reports indicate this would raise up to 40 or 50 billion new dollars in revenue. This proposal would make a bad bill even worse. It would fundamentally change the way Medicare financing occurs. By applying what has traditionally been a payroll tax to nonpayroll income and by using this money for a new non-Medicare entitlement, it breaks the link between the Medicare tax base and Medicare benefits. As the Wall Street Journal pointed out, this new tax

would “sever the link between the tax paid over a lifetime and the medical benefits received, officially making Medicare an income redistribution program.”

It would additionally hurt growth. These additional taxes on savings and investment act as disincentives for these activities which are the primary drivers of wealth creation. It would kill jobs. Imposing these new taxes would hurt small businesses. Because many small businesses pay their taxes at the individual level, imposing higher individual income taxes hurts these engines of job creation.

Finally, it doesn't fully finance health care shortfalls. According to Bloomberg, House Democrats rejected this proposal, now being considered by the Senate, “because lawmakers concluded they may need to increase the payroll tax in the future to pay Medicare benefits that are projected to outpace revenue.” The New York Times pointed out that “the higher payroll tax would not be sufficient in the long run [to even protect Medicare].”

In closing, for all the talk about this need to rush the bill through so we can achieve the objective the American people seek in health care reform, the bill does not reduce the cost of medical care. It increases it. The bill does not reduce the cost curve for health care insurance. It increases it. And in accomplishing this, it also increases taxes across the board on Americans and cuts Medicare by deep rates that will cause Medicare to face insolvency even earlier than it otherwise would have.

For all these reasons, we need to slow down and start working together, step by step, to remember the original objective; that is, to bend the cost curve down and stop these spiraling increases in health care insurance that Americans are facing and that are driving American families to the edge.

I yield the floor.

The PRESIDING OFFICER (Mr. KAUFMAN). The Senator from Arizona.

Mr. McCAIN. Mr. President, from media reports, certainly not because Members on this side of the aisle have been told about it, I understand the majority leader is now corralling the final three Democrats, which I am sure he will succeed in doing, in order to secure 60 votes to move forward with the greatest takeover of the private sector in health care by legislation perhaps in the history of this country. Of course, I would not know that myself, nor would any Member on this side of the aisle, because of the fact that there is no communication between the majority leader and Republicans. I understand they have 60 votes. I understand they will get 60 votes. I understand that they may likely be able to railroad this through the Senate. Then, again, they will gather in a small room, and they will come out with significant changes and revisions in the form of a conference report.

I have been having townhall meetings around my State of Arizona, the

second hardest-hit State in America because of the economic downturn. I assure my colleagues on the other side of the aisle, there is a revolution going on out there. It is a peaceful revolution. They do not want increased costs of a reform commitment that would be up to \$3 trillion, that would cut Medicare by \$500 billion and tax Americans across the entire income spectrum by an additional \$500 billion. My friends across the aisle may not have gotten the message from the elections in New Jersey and Virginia not that long ago. Americans want cost control, and they want affordable and available health care. They don't want increases in taxes. They don't want the government taking over the health care system. Yet that is what is going to be delivered.

A lot of people, may I say, may not trust the word of some of us on this side of the aisle and may think we are uninformed or we are just politicians. Maybe we ought to listen to Dr. Jeffrey Flier, dean of the Harvard Medical School. I have never been that great of an admirer of Harvard, but the dean of the Harvard Medical School states in today's Wall Street Journal, entitled "Health Debate Deserves a Failing Grade"—and he has some criticism for this side of the aisle that perhaps is deserved—

As the dean of the Harvard Medical School, I am frequently asked to comment on the health-reform debate. I'd give it a failing grade.

Instead of forthrightly dealing with the fundamental problems, discussion is dominated by rival factions struggling to enact or defeat President Barack Obama's agenda. The rhetoric on both sides is exaggerated and often deceptive. Those of us for whom the central issue is health—not politics—have been left in the lurch. And as the controversy heads towards a conclusion in Washington, it appears that the people who favor the legislation are engaged in collective denial.

Our health-care system suffers from problems of cost, access and quality, and needs major reform. Tax policy drives employment-based insurance; this begets overinsurance and drives costs upward while creating inequities for the unemployed and self-employed. A regulatory morass limits innovation. And deep flaws in Medicare and Medicaid drive spending without optimizing care.

During the last campaign, I proposed addressing the issue of employer-provided health benefits, doing away with it in return for a \$5,000 refundable tax credit. Tens of millions of dollars in attack ads were leveled against it. I proposed it not because it was easy, not because I didn't think the American people didn't need straight talk. I did it because it is one of the fundamental problems with the cost of health care in America. If someone gets something for free, they are not going to be careful about the money that is spent.

Ronald Reagan once said: Nobody ever washed a rental car. He is right. So when people receive free medical care that they don't have to pay for and that they don't have to have ac-

countability for, it is obvious that that is misused.

Again, there is the story this morning about some \$49 billion in wasteful spending in Medicare. The numbers go on and on.

Why is it that the dean of the Harvard Medical School says "the rhetoric on both sides is exaggerated and often deceptive"? Maybe it is. But the rhetoric on both sides becomes more intense because of a failure to sit down and try to work something out together. At no time during this entire, long, drawn-out process have there been serious negotiations between Republicans and Democrats. Not once. Of course, the rhetoric gets exaggerated on both sides and even deceptive. We are not doing what the American people expect us to do, and that is sit down together and work these things out on one of the greatest financial crises this Nation faces.

Dr. Flier goes on to say:

Speeches and news reports can lead you to believe that proposed congressional legislation would tackle the problems of cost, access and quality. But that's not true. The various bills do deal with access by expanding Medicaid and mandating subsidized insurance at substantial cost—and thus addresses an important social goal. However, there are no provisions to substantively control the growth of costs or raise the quality of care. So the overall effort will fail to qualify as reform.

Dr. Flier is alleging that there is no control of the growth of costs or rise in the quality of care. We all know that the cost of health care is unsustainable. The Medicare trustees have said in 7 years it will go broke. I believe forcing more Americans into Medicaid, a public program that gets failing grades for access to care and the quality of care, is not the right approach to covering millions more Americans.

Dean Flier goes on:

In discussions with dozens of health-care leaders and economists, I find near unanimity of opinion that, whatever its shape, the final legislation that will emerge from Congress will markedly accelerate national health-care spending rather than restrain it.

The whole problem with health care in America is not the quality of health care, it is the accessibility and affordability. Dr. Flier says "the final legislation that will emerge will markedly accelerate national health care spending rather than restrain it."

Dr. Flier continues:

Likewise, nearly all agree that the legislation would do little or nothing to improve quality or change health-care's dysfunctional delivery system.

This isn't just Dr. Flier's opinion. Look at Samuelson's article the other day about the effects of what has been passed by the House and will apparently be before us. Democrats are proposing a \$3 trillion expansion of government health care, including \$1 trillion in Medicare cuts and tax increases. But experts tell us the legislation would do little or nothing to improve quality or change health care's dys-

functional delivery system. Senate committees have spent months writing bills and spinning the benefits of legislation, and experts tell us the efforts fail the basic test.

On March 5 of this year, the President is quoted as saying:

If people think we can simply take everybody who's not insured and load them up in a system where costs are out of control, it is not going to happen. We will run out of money. The federal government will be bankrupt; state governments will be bankrupt.

The President is right. But the Democratic leadership writing these bills is not listening. Partisan reform designed behind closed doors will bankrupt this country, in effect committing generational theft. The majority leader continues to put his bill together in a secret committee of one with a deaf ear to what experts tell us is needed. And we wait. We wait with great anticipation to see how high taxes and fees will be increased. We wait with great anticipation to finally understand how Senate Democrats will force a government health insurance entitlement into our health care market. We will wait to see how much they will cut Medicare. And these are Medicare cuts, my friends, have no doubt about it. We will wait to see the new mandates on individuals and employers to buy government-designed insurance.

We already know that the Senate Finance Committee bill includes roughly \$508 billion in new taxes on individuals and businesses.

Beginning in January of 2010, health insurers would also be required to pay annual nondeductible fees totaling \$60.4 billion over 10 years.

Beginning in January of 2010, medical device manufacturers are required to pay \$40 billion in new nondeductible fees.

Beginning in January 2010, prescription drug manufacturers are required to pay \$22 billion in new nondeductible fees.

By the way, in case my colleagues missed it, surprise, surprise, the pharmaceutical industry has now dramatically increased their prices, while the cost of living has gone down. What a shocker. Those great people from the pharmaceutical lobby who have been willing to make such "sacrifices" for the American people are raising their prices in an unprecedented fashion, totally disconnected to the absolutely nonexistent increase in the cost of living. And the administration continues to oppose drug reimportation from Canada, where seniors could get prescription drugs for about half of what it is now costing them.

Beginning in 2013, Democrats raise taxes by \$201 billion by increasing taxes by 40 percent on certain family health care plans with higher coverage values, payable by insurance companies or employers.

Beginning in 2013, taxpayers who deduct medical expenses on their tax returns will pay \$15 billion more in taxes.

Taxes on individuals who fail to maintain government-approved health insurance coverage will pay \$4 billion in new penalties, breaking President Obama's promise that no one with income under \$250,000 would pay higher taxes.

Businesses that are struggling to keep the doors open and keep workers employed in this recession will see higher taxes of \$23 billion in the form of mandates and penalties for failing to offer government-approved health insurance.

Again, I urge my colleagues to read the article in the New York Post entitled "Obamacare: Buy now, pay later" by the well-respected economist Robert Samuelson. He writes:

There is an air of absurdity to what is mistakenly called "health-care reform." Everyone knows that the United States faces massive governmental budget deficits as far as calculators can project, driven heavily by an aging population and uncontrolled health costs. As we recover slowly from a devastating recession, it's widely agreed that, though deficits should not be cut abruptly (lest the economy resume its slump), a prudent society would embark on long-term policies to control health costs, reduce government spending and curb massive future deficits. The administration estimates these (deficits) at \$9 trillion from 2010 to 2019. The president and all his top economic advisers proclaim the same cautionary message.

So what do they do? Just the opposite. Their far-reaching overhaul of the health-care system—which Congress is halfway toward enacting—would almost certainly make matters worse. It would create new, open-ended medical entitlements that threaten higher deficits and would do little to suppress surging health costs. The disconnect between what President Obama says and what he's doing is so glaring that most people could not abide it. The president, his advisers and allies have no trouble. But reconciling blatantly contradictory objectives requires them to engage in willful self-deception, public dishonesty, or both.

Those are not my comments, Mr. President. Those are the comments of Robert Samuelson, one of the most respected economists in America.

I want to take another minute to talk about how the influence of special interests—I mentioned the pharmaceutical companies and the deal they cut so the administration would oppose drug importation from Canada, that there would not be competition for Medicare patients. But let me talk about probably the most powerful force in this whole discussion of legislation, and that is the trial lawyers of America.

There is no provision for medical liability or medical malpractice reform in this legislation. In fact, it was passed by the House that if States have enacted reforms, they will not be eligible for any additional funding to try and fund demonstration projects to reduce the cost of medical malpractice.

Everybody knows, ask any physician, they will tell you, they practice defensive medicine. They do so because of their fear of finding themselves in court and being wiped out. Sometimes these additional procedures and tests

are not so comfortable for the patient, but, most importantly, they dramatically increase costs. Time after time after time, any effort we have made to put in medical malpractice reform—and we will do it again when the majority leader gives birth to whatever you want to call this—then, the fact is, they are not seriously interested in reducing costs, but they are seriously dependent on the largesse and generosity of the trial lawyers of America, and it is an outrage. It is an absolute outrage.

I would point out, when the President talks about, "demonstration projects," there is a demonstration; it is called Texas. The State of Texas was hemorrhaging doctors and physicians and medical care practitioners. They reformed the medical malpractice. There have now been reductions in premiums. There have been reductions in lawsuits. There have been doctors and physicians and medical care providers flowing back into the State of Texas. It is proven. It is not everything we want. But it shows that medical malpractice reform can reduce health care costs.

And what have my friends on the other side and a couple on this side done? They have refused to consider in any significant way what everyone agrees could reduce health care costs in America. Outrageous. So do not be surprised when our approval rating is 18 percent. The approval rating of Congress: 18 percent. And in the townhall meetings I have been having, I have not met anybody in that 18 percent.

We need truth and honesty in our national discussion on health care reform, not spin, not budget gimmicks, not cuts to Medicare, not higher taxes, not government takeover, and not trillions in new health care spending.

We have \$12 trillion in debt, 10 percent unemployment—17 percent real unemployment in my State—and an economy that is still struggling. Meanwhile, Wall Street makes obscene profits and bonuses that are unbelievable. We cannot afford another \$3 trillion open-ended health entitlement. Americans deserve an honest discussion of ideas without artificial deadlines, and real solutions that will bring our skyrocketing health care costs under control.

Finally, I guess we are told that maybe this evening there may be something that will emerge with white smoke from the majority leader's office and we will be given the manifesto that he will call health care reform, and that will begin a great debate. I believe the question will be: Will the special interests and the big spenders and those who are in favor of government control of health care in America win or will the American people win?

That is why the American people are aroused. If they stay aroused, and if we continue to see the tea parties and the townhall meetings and the expressions of anger and frustration the American people feel, we will beat this back and we will go back to the bargaining table—for the first time we will go to

the bargaining table and sit down, Republicans and Democrats, together.

History shows there has been no successful reform in America without bipartisanship, and I do not believe this will be the first one. I hope—I hope and pray—it will not be.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. ENSIGN. Mr. President, one of the hallmarks of the Democrats' health care bill is that it spends a tremendous amount of money—more than \$1 trillion. When the true 10 year costs are reflected, it is actually well over \$2 trillion. That is a hefty price tag, and most Americans want to know who is going to pay for this.

Contrary to what Democrats want you to believe, this bill will be paid for by all Americans, including low- and middle-income families and small business owners. So for the next week, I want taxpayers as they go about their daily activities to take a moment to understand why they will be paying a new tax for each day of their hard-working week.

Monday is not usually a favored day for most folks during the week—and if this health care reform passes, it will be absolutely a miserable day for families making less than \$200,000 a year. That is because 91 percent of you will start the week off by paying a \$200 billion tax on health insurance.

I have talked about this before at length, this so-called tax on "Cadillac" plans. It is actually a 40-percent tax on high-cost premium "Cadillac" plans. But the people who are going to pay for these plans and for this tax are more likely driving minivans, used cars, and cars that are paid off. That is because it disproportionately impacts middle-income families.

That is new tax No. 1. But there are more.

The 40-percent insurance plan tax is what I just talked about. But all told, there are seven new taxes in this health care bill, and maybe more to come. These new taxes, as shown on this chart, fall on some people directly and on others indirectly. The nonpartisan Joint Tax Committee testified that these new taxes—however they are named—will act as excise taxes and will be passed on to consumers to some extent.

So, on Tuesday, as your kids are getting ready to get off for school, do not forget that you will be paying higher taxes on insurance premiums because of a new tax on insurance companies. It is the insurance tax. I want to quote a letter the Joint Tax Committee wrote. Remember, this is the nonpartisan Joint Tax Committee. They wrote to me in response to my concern over this debilitating tax. I quote:

An insurer offering a family health plan that exceeds the excise tax threshold and is subject to the excise tax faces an increase in the cost of offering that health coverage. Generally, we expect the insurer to pass along the cost of the excise tax to consumers by increasing the price of health coverage.

So Tuesday is not a great day either in this new week of taxes.

On Wednesday, our small businesses—the engine of our economy—will be taxed if they do not offer health insurance. That is the employer tax, tax No. 3. The employer tax will hit small businesses and make it more expensive to hire workers. I do not think that is a good idea when the Nation is facing an over 10-percent unemployment rate. Those who are hired will see their wages reduced because of the required employer “responsibility” payments. That is what they are called.

The Congressional Budget Office—which again is a nonpartisan entity—has explicitly stated:

Although the surcharges would be imposed on the firms, workers in those firms would ultimately bear the burden of those fees. . . .

The tax credit to small businesses does little to help because it only helps firms with 25 employees or less, and it is temporary. Also, this tax credit drops off so suddenly for firms with more than 10 employees that some firms will be penalized—actually penalized—for adding jobs or raising workers’ pay—clearly, a perverse incentive.

So Wednesday is clearly not a good day for small businesses or their employees, especially those making minimum wage. So I hope you didn’t have to call in sick on Thursday, because if you go to a doctor and get a prescription, there is a new tax on the pharmaceutical companies that you will pay. This is tax No. 4, the drug tax. Don’t think about using your health savings account or flexible spending account for the over-the-counter medication you need as well. Under the House plan, nonprescription medications can no longer be purchased with moneys from these accounts, and under the Senate plan, there is a \$2,500 cap for pretax dollars that can be used in these accounts. The weekend is so near on Friday; but wait, if you need some lab work done, you will have to pay a new tax on clinical laboratories. This is the lab tax.

You think your work is over on Saturday, but you will still be paying more taxes under this bill. If you need surgery, there is a new tax on medical devices, such as pacemakers, prosthetics, and hearing aids. This is No. 6. This raises the cost of health care. This is passed on to the consumers. All these taxes have one thing in common: They do raise the cost of health care for middle-income Americans.

My Democratic colleagues may claim they are raising taxes on health care companies, not people, and people will be better off once all this tax money is collected in Washington and then used as subsidies. The truth is, the people are paying and many are in the middle class who Democrats claim would be spared. It is true some people may, on a net basis, get more subsidy than they pay in higher taxes, but over 46 million middle-income families will pay more than they receive. In other words, their health care costs in the net are going

to go up. They lose under this health care bill and these are middle-income Americans.

According to the analysis from the nonpartisan Congressional Budget Office, from which I wish to quote now, these taxes:

Would increase costs for the affected firms, which would be passed on to purchasers and would ultimately raise insurance premiums by a corresponding amount.

So now it is Sunday, historically a day of rest but not for these new taxes. There is one more tax that again falls squarely on lower and middle-income families, a penalty excise tax for failure to obtain insurance. That is tax No. 7. We are faced with a bill where, according to the Congressional Budget Office, at least seventy-one percent of the individual mandate penalties would fall on the backs of American families making less than \$120,000 a year. Remember what the President said: No new taxes on anybody making \$250,000 a year or less. Actually, probably over 90 percent of this tax will be paid by those on whom the President said not one dime in new taxes will be raised. Yet under this bill that is coming before the Senate, their taxes are raised and they are raised significantly.

Well, we have run out of days of the week, but the Democrats are not finished yet. If you have been using pretax dollars in a flexible spending account, which most Federal employees have and a lot of other people who are employed by other companies have as well, and you pay for services not covered by your plan, such as speech therapy for a child with autism, you are out of luck under this bill. As I said earlier, the Federal spending accounts are capped at \$2,500 in this bill, so your income tax will rise as well as your medical expenses. If you have been dealing with extraordinarily high medical expenses and have been counting on qualified medical expenses tax deductions to pay for care or tuition for a special needs school, again, you are out of luck. The itemized deduction bar will be raised from 7.5 percent to 10 percent of your income in this bill. In other words, this bill hurts those who are being hit hardest by medical catastrophes.

In committee, my colleagues and I on the Republican side tried to inject some limits to this tax mania. We offered an amendment to carve out lower and middle-income families from paying taxes. I offered an amendment to protect the middle class, specifically, from the onerous penalty excise tax for those who fail to obtain insurance. Unfortunately, on party-line votes, the Democrats voted down those amendments.

I offered an amendment to eliminate the growing threat that the 40-percent insurance tax posed to every American with insurance, but, once again, the majority voted it down. We offered amendments to strike some of these specific, heavy-handed new taxes, but, once again, the majority, on party

lines, voted them down. We tried to apply limitations so these taxes would not go into effect if they caused consumer costs to rise. The majority, again, voted them down. We tried to prevent these new taxes from hurting veterans, but as Democrats first accepted it, they then passed a second amendment to eliminate the protections. We tried to ensure that vulnerable Americans would not be hit with a tax increase on catastrophic medical costs. Again, the Democrat majority in committee voted it down. After losing every attempt to remove these new, onerous taxes, we tried to preserve the ability of Americans to continue to use their flexible spending accounts. Once again, that was voted down by the majority.

There are at least seven brand new taxes in this bill—one, two, three, four, five, six, seven new taxes—with more taxes being discussed. Before the final bill is completed, I am sure there will be more taxes in this bill. The House bill has a surcharge on small businesses. They are also talking about adding a value-added tax, which would be a regressive national sales tax on everyone, and a new windfall profits tax on insurance companies. There is even talk of a tax on soda pop. All these taxes do is cost Americans more money without giving them much in return. Even if the spending in this bill was worthwhile, these sweeping and unreasonable taxes would more than outweigh the benefits.

It is very clear America’s lower and middle classes will bear the brunt of these new taxes. On top of that, they will not be allowed to keep the insurance plans they have. Instead, they will be forced into a new experimental system that will succeed only in exploding our deficit spending for generations to come.

So where is the break for hard-working families, we have to ask. Under this plan, they pay for government-run insurance to cover more Americans. They lose their own insurance—many of them—along the way, and they watch as deficits continue to eclipse their children’s futures. That is not even close to the American way.

On behalf of millions of American workers, families, and small businesses that sent us to Washington to be their voice, I cannot stand by and watch the majority destroy our chance for meaningful health care reform that does not bankrupt our Nation. I am going to do everything in my power to stop these new taxes from becoming reality. I am confident, with the American people behind us, we can stop these new taxes. We can start over, in a bipartisan way, and go step by step and come up with health insurance reform that controls costs, preserves and even improves quality, and doesn’t end up with a government-run health care system that cuts over \$500 billion in Medicare and raises \$500 billion in new taxes.

I urge our colleagues to work together—not as Republicans and Democrats but as Americans—so we can preserve the quality of health care we have enjoyed in this country for so long but do it in a way that is more affordable and provides more access to more Americans.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BINGAMAN. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. HAGAN). Without objection, it is so ordered.

Mr. BINGAMAN. Madam President, I ask unanimous consent to speak as in morning business.

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

TRIBUTE TO GOVERNOR BRUCE KING

Mr. BINGAMAN. Madam President, this week, New Mexicans of all political persuasions have been recalling the life of a legendary figure of our State, Bruce King, who served as Governor during three different decades and who taught by example that public service is an honorable calling.

Governor King died last Friday at the age of 85. He used to tell the story about a former Governor who was the graduation speaker at Bruce's high school graduation. The former Governor looked at the very small class of teenagers and said:

One of you could grow up to be governor of this state.

Bruce looked around at his other classmates and figured that the Governor had to be speaking to him. Sure enough, in the course of time, and after serving as Santa Fe County commissioner, a State legislator, and speaker of the house in New Mexico, he was, in fact, elected Governor. In fact, he served as Governor for 12 years, longer than anyone else in the history of New Mexico.

In all of those years, he never failed to make the people of New Mexico his first priority. With him at every step of the way, from their ranch in Stanley to Santa Fe and back again, was the remarkable Alice Martin King, his wife. She was a great force in her own right. She was a champion for children in our State. She died last December.

My own history with Bruce King began when I was just out of law school. I was serving then as an assistant attorney general in New Mexico and was assigned the job of being counsel to the constitutional convention which our State had in 1969. Bruce, who was then speaker of the house, was elected president of that convention. I learned a great deal about the legislative process and about New Mexico history and about our State in general as

a result of the effort to work with Bruce in that capacity. His management of the process and the people involved with the constitutional convention was masterful. He was always inclusive, he was always listening, and he was always working to get the best result. In short, he was the model of a legislative manager.

Today I recall being privileged to serve as attorney general during Bruce's second term as Governor, from 1979 to 1982. We worked closely together on a number of issues. I was impressed all over again at his knowledge of New Mexico and his genuine love for its citizens. He was gregarious and kind. He never knew a stranger. He shook hands with everyone in our State. He shook every hand in our State, whether there was a voter attached to it or not. People were delighted to see Bruce coming and to hear his famous reply when asked: How are you doing, Governor? He would reply: Mighty fine—regardless of how difficult the circumstances the State and he were facing.

Our friendship extended for 40-plus years. With my fellow New Mexicans, I will miss him greatly. His sons Bill and Gary, his brothers Don and Sam, and the entire King family have lost tremendously. Every New Mexican feels this loss and joins his family in honoring his life.

Mr. UDALL of New Mexico. Mr. President, I rise to celebrate the life and mourn the passing of one of New Mexico's great public servants. This past Friday Bruce King, the three-time Governor of New Mexico and a constant advocate for regular folks, for the average person, left this world after 85 years of devotion to his family, to his community, and to his State.

Bruce King was a self-made man who came from modest roots. Back in 1918, his parents traveled to New Mexico from Texas and traded their Model T for a homestead tract where they raised Bruce and his siblings. Along the way the elder Kings instilled in their children an appreciation for a hard day's work, a compassion for people, and a love of public service.

Bruce carried those lessons into adulthood and into a life defined by public service. He served in the Army in World War II, as a Santa Fe County commissioner, as a member of the New Mexico House of Representatives and later speaker of that same House of Representatives and, finally, as a three-term Governor elected in 1970, 1978, and then, once more, in 1990.

Bruce's legacy as Governor will be felt for generations. Due in no small part to the advocacy of his devoted wife Alice, Governor King created a new cabinet level department focused on the welfare of New Mexico's children. We called it the Children, Youth and Families Department. Thanks to Bruce and Alice's vision, more New Mexico children are safe and secure. More are healthy and ready to learn, and more have the support they need

to follow their dreams. Governor King's contributions didn't end there. His leadership was instrumental to the creation of New Mexico's large and enduring rainy day funds which to this day continue to provide substantial support for education. He reformed New Mexico's school funding formula so that money is equally distributed across the State. Thanks to Governor King, State education funding now follows the student, regardless of income or geography. He also was an advocate for aggressive economic development, recruiting a new Intel plant to Rio Rancho, for the creation of a better, safer Statewide road system, and for the establishment of a new border crossing with Mexico.

But despite all of these achievements, what New Mexicans will most remember Bruce for is something more simple and much harder to come by in politicians these days. Bruce was not in politics for the power, for the prestige. He was in politics because of the people. He loved the people of New Mexico and the people of New Mexico—from Lordsburg to Clayton to Shiprock and Carlsbad and everywhere in between—loved him right back. Bruce enjoyed nothing more than talking to New Mexicans. Almost every morning you would find him doing just that at El Comedor Restaurant in Moriarty, NM. He had a booming voice and was famous for greeting friends and strangers alike with a handshake and a down home “How y'all doing? Fine. Fine.”

I will always remember Bruce as a true cowboy from Stanley who had the most generous spirit. He always saw the best in people. He always did the right thing for New Mexico. My family was fortunate to call Bruce and Alice our friends. Our daughter Amanda even went to work for Alice in her first job out of college. She stayed close with both of them, ever since.

New Mexico will miss the Kings. We all know our State is a better place for their service and dedication to its people. As Governor King is laid to rest this week, I ask my colleagues to join me in honoring this remarkable public servant.

MORNING BUSINESS

Mr. BINGAMAN. I ask unanimous consent that the Senate be in a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

Mr. BINGAMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Ms. MURKOWSKI. I ask unanimous consent that the order for the quorum call be rescinded.

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