

They think the plan we end up with will be the PHS plan. They think a combination of those who want no health care reform and those who like none of the proposed plans will combine to kill all other plans. So what is the PHS plan? Our present health care system.

Let's look at what will happen to average Americans if we keep our present health care system.

First, Americans' health care insurance costs will explode—and that is not an overstatement—explode. The average family in America can look forward to premium costs for their health insurance of more than \$24,000 a year by 2016. That is an 83-percent increase over the cost in 2008. In my home State of Delaware, the costs will be even higher, with the average premium for family coverage approaching \$29,000. At that amount, more than half of Delaware families would each have to spend half of their income on health insurance. This means families will be forced to either go without insurance or to buy less coverage and put their life savings at risk.

Second, personal bankruptcies for medical costs will soar. Today, bankruptcies involving medical bills account for more than 60 percent of U.S. personal bankruptcies, a rate 1½ times that of just 6 years ago. Going forward under PHS, we can expect more families in bankruptcy.

Third, insured Americans will keep paying a hidden tax to help pay for care for the uninsured. Under the PHS plan, doctors and hospitals will charge insurers even greater amounts to recoup the costs to provide services to the uninsured. Today, this hidden tax is estimated to be \$1,100 per family per year. Under the PHS plan, it will most assuredly go up, raising the cost of health care for all Americans.

Fourth, Americans will continue to be denied coverage if they have preexisting conditions. Several weeks ago, I talked about four Delawareans who, because of preexisting conditions, could not find insurance coverage. Others who could get coverage have to pay exorbitant premiums to cover conditions such as high cholesterol, hypertension, diabetes, and cancer. Unfortunately, those who get sick may have their coverage dropped altogether. These problems, which threaten the security of all families, will continue under the PHS plan.

Fifth, for too many workers, health insurance portability will still be beyond reach. Too many Americans lose their insurance when they lose their jobs. Some can't afford their COBRA coverage, and others can't get another policy due to preexisting conditions. Even when they can find a new policy, they often discover they can no longer see the same doctor or use the same hospital.

As a result, too many Americans are stuck in their jobs, forgoing career advancement, just to keep their existing health plans.

Now let's look at what will happen to the American economy if we keep our present health care system.

First, our present health care system is bankrupting the Federal Government.

The biggest driving force behind our Federal deficit is the skyrocketing cost of Medicare and Medicaid. In 2008, government spending on Medicare and Medicaid took up more than one dollar out of every five in our Federal budget.

The more we spend on health care, the less we have for other investments—for education, for our veterans, and for job-creating technologies, to name a few.

To pay those higher Federal health care bills, we will have to pay more taxes or borrow more from China and other nations.

Controlling health care costs is the key to controlling our financial future. But under the PHS, health care costs continue to spiral out of control.

Second, health care spending will crowd out our national savings and lower our standard of living.

Health care cost as a percent of gross domestic product will grow from 18 percent today to 28 percent in the year 2030—and even 34 percent in 2040.

Those dollars out of every family's budget going to health care cannot go for housing, food, or transportation. American consumers, over two-thirds of our economy, will have fewer dollars left for any other priorities.

That means less spending at the mall, at our car dealers, and at the grocery store. Controlling health care costs will put money back in families' budgets and therefore back into the rest of our economy.

Third, the present health care system is killing U.S. economic competitiveness.

Today, U.S. manufacturing firms pay almost \$5,000 per worker per year in health costs.

That's more than twice the average cost for firms located in our major trading partners such as Europe and Japan, where a firm pays less than \$2,000 per worker each year.

In a global economy, our workers and corporations face competitors who can beat them on price every time, just because of our broken health care system. Controlling health care costs will help to level that playing field. In a fair fight, our workers and our businesses can win.

Finally, more firms will stop offering health insurance for their employees.

The PHS will continue the slow erosion of employer-sponsored insurance. This is especially true for small businesses.

In the 2008 Employer Health Benefits Survey conducted by the Kaiser Family Foundation, only 63 percent of companies of all sizes offered health insurance to their employees, down from 69 percent in 2000.

But these numbers are even lower when looking just at small businesses, with the National Small Business Asso-

ciation reporting that that only 38 percent of small businesses provided coverage last year, compared to 61 percent in 1993.

Under the PHS plan, this decline in coverage will continue, with an estimated 10 percent of small businesses eliminating coverage in the next year and nearly 20 percent in the next 3 to 5 years.

Under the PHS plan, that would mean an additional 13 million added to the rolls of the uninsured in the next 5 years.

So that is what America will get if we decide to choose the PHS plan. Again, that is the present health care system.

If we choose the PHS plan, consumers will pay higher and higher premiums, including the hidden tax to help pay for all of our fellow Americans without insurance.

We will continue to see a rise in personal bankruptcies due to high medical costs. Americans will continue to face insurance coverage rejections based on preexisting conditions or have insurers drop their policies once they do get sick. And they won't have portable insurance that they can take from job to job.

If we choose the PHS plan, health care spending will continue to threaten the bottom line of our Federal budget, eating away higher percentages of our GDP.

Our businesses will face more competitive disadvantages to their foreign competitors, paying more for health care insurance for their employees, or dropping it altogether.

The present health care system mistreats Americans as individuals and serves the country badly as a whole. We cannot continue in the present health care system.

I hope my colleagues will return in September committed to replacing our present health care system. I hope they will spend August searching for the best of the alternative plans that they want to support.

I hope we will turn our backs on the bankrupt present health care system and instead give the American people a health care system they can all be proud of—a health care system that will sustain them into the future.

We can do no less. They deserve no less.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee see is recognized.

Mr. ALEXANDER. Madam President, will the Chair let me know when I have 30 seconds remaining?

The ACTING PRESIDENT pro tempore. Yes.

HEALTH CARE REFORM

Mr. ALEXANDER. Madam President, we are concerned about the health care reform legislation that we have seen in the House and here in the Senate. It is headed in the wrong direction. The

Mayo Clinic has told us so. The Democratic Governors have told us so. The CBO has told us so.

We are hearing already from people around the country who fear that millions of people may lose their employer-based health insurance and may find themselves in a government-run plan, with new State taxes to pay for Medicaid.

My purpose is to point out that as we go back to our States in August, there is plenty of opportunity to go in a new direction. I hope when we come back, we will start over in that direction.

As an example yesterday, 12 Senators—7 Democrats and 5 Republicans—wrote an op-ed in the Washington Post about the Healthy Americans Act, the bill that is sponsored by Senator WYDEN, a Democrat, and Senator BENNETT, a Republican. I am a co-sponsor among the 5 Republicans on that bill.

There are a number of things I agree with in the bill and some things with which I don't agree. I agree it is the right framework upon which we can build a bipartisan discussion. For example, the things I like about the bill and the reason I endorse the effort is that it has been scored as budget neutral. In other words, it doesn't add to the deficit, according to the CBO. It doesn't create a government-run plan to compete with private insurance plans. People would have choices among private plans just like most people have today. It replaces Medicaid and the Children's Health Insurance Program with private insurance plans. It doesn't replace all of Medicaid, but about 40 million of the people who are on Medicaid today, which is the largest government-run program we have, would have a choice to buy plans like the rest of us.

I think one of the worse things about the bills we are seeing is that it dumps low-income Americans into a government-run program that is failing—Medicaid—that 40 percent of the doctors will not see, and that none of us would want to join if we were forced to do so. This proposal takes away that problem. The Healthy Americans Act makes a fairer distribution of the government subsidies we already spend subsidizing health care by giving more Americans a chance to benefit from that.

It would give more Americans a chance to purchase the same kind of health insurance policy Federal employees and Members of Congress have. It provides a tax deduction for all American individuals and families to address the unfairness of our tax system. It includes an individual mandate. In other words, no free ride. We are all in this together. States that implement some sort of reforms against junk runaway lawsuits against doctors, which drive up the cost of malpractice insurance, will receive bonus payments.

It also includes some of the insurance market reforms about which we are

hearing so much from our Democratic friends. What they don't tell you is we are all for those changes. These are the insurance reforms that say you will have a right to purchase insurance without a physical examination, and if you have a problem when you go in to get the insurance, you cannot be denied insurance for that reason. These are insurance reforms that virtually all Republican plans I have seen, and all the Democratic plans, have already in there. Those aren't the issue.

It provides a full subsidy to people living under 100 percent of the Federal poverty level to buy insurance, a private plan. This would mean roughly \$5,000 for an individual and \$12,000 for families to buy a plan. Americans earning between 100 to 400 percent of the Federal poverty level will receive subsidies on a sliding scale. After that, you pay for it yourself.

There are some points I don't like about the bill, but I endorse the framework, as well. I will mention those. I don't like the employer responsibility provisions. During negotiations, if this were the bill we were discussing, I would urge to change that. I don't like the fact that plans are required to be at the higher benefit level of the Federal employee plans. That is a level higher than most Federal employees have, and we can save dollars if we use the basic plan and use that money to provide higher subsidies to middle-income Americans to buy health insurance. I don't believe the subsidies in this bill are enough for many middle-income families. I have suggested a place to get some of that money.

We phase out the tax deduction at \$62,500 a year, which may not be high enough to make this a fair proposal. I am concerned about the abortion provisions in the bill, although it doesn't provide government subsidies for abortion.

The point is, there is a framework that is headed in a different direction, and it has the support of 12 Senators.

I ask unanimous consent that the op-ed from the Washington Post be printed in the RECORD following my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ALEXANDER. Madam President, I also ask unanimous consent that an article by Art Laffer in Wednesday's Wall Street Journal, which provides yet another reasonable option for providing health care opportunities for Americans without adding to the deficit, be printed in the RECORD following my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 2.)

Mr. ALEXANDER. Madam President, there is a way to do this if we want to head in a different direction.

I yield the floor.

EXHIBIT 1

[From the Washington Post, Aug. 5, 2009]
HOW WE CAN ACHIEVE BIPARTISAN HEALTH REFORM

(By Ron Wyden and Robert F. Bennett)

We refuse to let partisanship kill health reform—and we are proof that it doesn't have to.

As 12 U.S. senators from both sides of the aisle who have widely varying philosophies, we offer a concrete demonstration that it is possible to find common ground and pass real health reform this year. The process has been rocky, and slower than many had hoped. But the reports of the death of bipartisan health reform have been greatly exaggerated. Now is the time to resuscitate it, before the best opportunity in years is wasted.

Democratic activists have long campaigned for universal coverage and quality benefits. Republican activists zero in on empowering individuals and bringing market forces to the health-care system. Our approach does both. In our discussions on the Healthy Americans Act, each side gave a bit on some of its visions of perfect health reform to achieve bipartisanship.

The Democrats among us accepted an end to the tax-free treatment of employer-sponsored health insurance; instead, everyone—not just those who currently get insurance through their employer—would get a generous standard deduction that they would use to buy insurance—and keep the excess if they buy a less expensive policy.

The Republicans agreed to require all individuals to have coverage and to provide subsidies where necessary to ensure that everyone can afford it. Most have agreed to require employers to contribute to the system and to pay workers wages equal to the amount the employer now contributes for health care. The Congressional Budget Office has reported that this framework is the only one thus far that bends the health-care cost curve down and makes it possible for the new system to pay for itself. It does this by creating a competitive market for health insurance in which individuals are empowered to choose the best values for their money and by cutting administrative costs and spreading risk across large groups of Americans.

First, we allow all Americans to have the same kind of choices available to us as members of Congress. Today, more than half of American workers who are lucky enough to have employer-provided insurance have no choice of coverage. Members of Congress who enroll their families in the Federal Employees Health Benefits Program often have more than 10 options. This means that if members of Congress aren't happy with their family's insurance plan in 2009 or insurers raise their rates, they can pick a better plan in 2010. Our plan would give the consumer the same leverage in the health-care marketplace by creating state-run insurance exchanges through which they can select plans, including their existing employer-sponsored plan.

Beyond giving Americans choices, our approach also ensures that all Americans will be able to keep that choice. We believe that at a time when millions of Americans are losing their jobs, members of Congress must be able to promise their constituents that "when you leave your job or your job leaves you, you can take your health care with you." Our approach ensures seamless portability.

Our point is not that our framework is the only way to reform the system or to reach consensus. But our effort has shown that it is possible to put politics aside and reach agreement on reforms that would improve the lives of all Americans. Insisting on any

particular fix is the enemy of good legislating. A package that will entirely please neither side, but on which both can agree, stands not only the strongest chance of passage but also the best chance of gaining acceptance from the American people.

We didn't undertake this effort because we thought it would be easy; in fact, we started working together because we knew it would be hard. Passing health reform is going to require that we take a stand against the status quo and be willing to challenge every interest group that is jealously guarding the advantages it has under the current system, because health reform isn't about protecting the current system or preserving the advantages of a few. We can't forget that we are working on life-and-death issues facing our constituents, our families, our friends and our neighbors.

It's time to stop trying to figure out what pollsters say the country wants to hear from us and focus on what the country needs from us. The American people can't afford for Congress to fail again.

EXHIBIT 2

[From the Wall Street Journal, Aug. 5, 2009]

HOW TO FIX THE HEALTH-CARE "WEDGE"

(By Arthur B. Laffer)

President Barack Obama is correct when he says that "soaring health-care costs make our current course unsustainable." Many Americans agree: 55% of respondents to a recent CNN poll think the U.S. health-care system needs a great deal of reform. Yet 70% of Americans are satisfied with their current health-care arrangements, and for good reason—they work.

Consumers are receiving quality medical care at little direct cost to themselves. This creates runaway costs that have to be addressed. But ill-advised reforms can make things much worse.

An effective cure begins with an accurate diagnosis, which is sorely lacking in most policy circles. The proposals currently on offer fail to address the fundamental driver of health-care costs: the health-care wedge.

The health-care wedge is an economic term that reflects the difference between what health-care costs the specific provider and what the patient actually pays. When health care is subsidized, no one should be surprised that people demand more of it and that the costs to produce it increase. Mr. Obama's health-care plan does nothing to address the gap between the price paid and the price received. Instead, it's like a negative tax: Costs rise and people demand more than they need.

To pay for the subsidy that the administration and Congress propose, revenues have to come from somewhere. The Obama team has come to the conclusion that we should tax small businesses, large employers and the rich. That won't work because the health-care recipients will lose their jobs as businesses can no longer afford their employees and the wealthy flee.

The bottom line is that when the government spends money on health care, the patient does not. The patient is then separated from the transaction in the sense that costs are no longer his concern. And when the patient doesn't care about costs, only those who want higher costs—like doctors and drug companies—care.

Thus, health-care reform should be based on policies that diminish the health-care wedge rather than increase it. Mr. Obama's reform principles—a public health-insurance option, mandated minimum coverage, mandated coverage of pre-existing conditions, and required purchase of health insurance—only increase the size of the wedge and thus health-care costs.

According to research I performed for the Texas Public Policy Foundation, a \$1 trillion increase in federal government health subsidies will accelerate health-care inflation, lead to continued growth in health-care expenditures, and diminish our economic growth even further. Despite these costs, some 30 million people will remain uninsured.

Implementing Mr. Obama's reforms would literally be worse than doing nothing.

The president's camp is quick to claim that his critics have not offered a viable alternative and would prefer to do nothing. But that argument couldn't be further from the truth.

Rather than expanding the role of government in the health-care market, Congress should implement a patient-centered approach to health-care reform. A patient-centered approach focuses on the patient-doctor relationship and empowers the patient and the doctor to make effective and economical choices.

A patient-centered health-care reform begins with individual ownership of insurance policies and leverages Health Savings Accounts, a low-premium, high-deductible alternative to traditional insurance that includes a tax-advantaged savings account. It allows people to purchase insurance policies across state lines and reduces the number of mandated benefits insurers are required to cover. It reallocates the majority of Medicaid spending into a simple voucher for low-income individuals to purchase their own insurance. And it reduces the cost of medical procedures by reforming tort liability laws.

By empowering patients and doctors to manage health-care decisions, a patient-centered health-care reform will control costs, improve health outcomes, and improve the overall efficiency of the health-care system.

Congress needs to focus on reform that promotes what Americans want most: immediate, measurable ways to make health care more accessible and affordable without jeopardizing quality, individual choice, or personalized care.

Because Mr. Obama has incorrectly diagnosed the problems with our health-care system, any reform based on his priorities would worsen the current inefficiencies. Americans would pay even more for lower quality and less access to care. This doesn't sound like reform we can believe in.

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

Mr. DURBIN. Madam President, how much time do we have?

The ACTING PRESIDENT pro tempore. There is 6 minutes 12 seconds remaining.

CASH FOR CLUNKERS

Mr. DURBIN. Madam President, later today, we are going to take up the Cash for Clunkers Program. This is an idea whose time has come. When we passed this legislation a few weeks ago, I wasn't sure. I didn't know if this would work, if we put a dollar incentive in front of American buyers and said: If you will bring in an old car or truck and trade it in on a new car or truck that is more fuel efficient, would you consider it—I didn't know if they would. We are in a recession and people don't have a lot of money.

Well, they not only considered it, they made it a wild success. In a matter of just a few days, the \$1 billion we

set aside for the program led to dramatic increases in sales in auto showrooms in Illinois and all across the Nation. I got phone calls from dealers who said: Keep it coming. Folks are finally coming into our showrooms and buying cars.

The good news is it is not only activity that is clearing the inventory in these dealerships, it also means we have more jobs. As we have more of these cars being purchased, there is more demand to rebuild that inventory at the auto dealership, and we put auto workers back to work. Also, the good news is people are buying more fuel-efficient vehicles. Eighty-three percent of the vehicles being traded in are old trucks that are not fuel efficient. Most people—the majority of them—are buying fuel-efficient cars, and that is a good change. It means there will be less fuel use, less dependence on foreign oil, and less pollution. For those who buy it, it will be a car they can operate more cheaply than the one they traded in.

We have a chance to extend this program today. It may be our last chance. A lot of amendments will be offered. Some may be good-faith amendments to improve the bill, and I fear some may be mischievous. Here is the reality. Any amendment adopted today means this program will be stopped in its tracks, and we will have to wait for the House to return in September. So for the next 4, 5, 6 weeks, nothing would happen.

Let's not lose the momentum in the Cash for Clunkers Program. This program is helping to put life back into our economy, save and create jobs, and get our automobile sector moving forward again. That is something we desperately need to come out of the recession—creating jobs and getting back on our feet and be strong again. The Cash for Clunkers Program has been a success. Let's continue it.

HEALTH CARE

The second issue I have relates to health care. I heard my colleague from Tennessee come forward and suggest that he is working on an alternative to health care reform. I salute him for that, and I hope he will continue that effort. I also salute the three Republican Senators who have met for weeks, if not months, trying to hammer out the differences in health care reform. It is a constructive, positive dialog. I am sure I would not agree with everything they have come to agreement on, but that is not what this is about. It doesn't have to be a bill that is perfect in my eyes; it has to be a bill that is reasonable, that will bring down the cost of health care.

I know what happened in Illinois. In 1997, health insurance premiums through employers averaged \$5,462. Just 9 years later, that number was \$11,781. If we do nothing, by 2016, it will more than double, to \$25,409.

Those who come to the floor and to town meetings and say, "Don't touch it; all you can do is make a mess of it,"