

were able to achieve over 90 percent accuracy with DART. Their system became the basis for the Tsunami Warning and Education Act, which passed the Congress in 2006. Eddie was instrumental in helping to draft that legislation which strengthened tsunami detection, warning, and mitigation programs to ensure that we are prepared for even the worst-case scenarios.

The work of NOAA employees is often not glamorous, but it saves lives, protects property, and helps to prepare our coastal communities to meet the challenges of nature. My home State of Delaware is filled with coastal communities, and the work NOAA performs in a range of areas to help coastal States such as Delaware in so many ways.

I hope my colleagues will join me in thanking Dr. Eddie Bernard and all those at NOAA who continue to monitor the seas and skies on our behalf. They are all truly great Federal employees.

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

The PRESIDING OFFICER (Mr. UDALL of New Mexico). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent the order for the quorum call be rescinded.

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

INCREASED PAPERWORK BURDEN

Mr. JOHANNIS. Mr. President, I rise today to speak about something I think is enormously important in terms of our businesses and job creation. There are many unintended consequences contained in the health care bill that was recently passed, but I think one of the most egregious is the effect on small businesses that are, by all agreement, the engine of our economic growth. In fact, various analyses have been done, and they conclude that 65 percent of the new jobs created come from the small business engine in our Nation.

Section 9006 of the new health care law will have a profound impact on small businesses in Nebraska—but not just Nebraska, across this great Nation. Beginning in 2012, if a business purchases more than \$600 of goods from another business, it will be required to provide the business and the Internal Revenue Service a 1099 tax form. Previously, such disclosures were only required for the purchase of services. Now routine business expenses will be subject to an increased paperwork burden at tax time.

Let me give some examples of the impact that is going to have. Think about the phone costs for that small business, Internet, simple office products, even the cost of shipping goods from point A to point B now are going to generate this requirement of a 1099 tax form.

Back in my State what that means is, if a rancher buys \$100 worth of feed

every month, then that rancher is going to have to submit a 1099 to the feed store and then file it with the IRS. If the restaurant owner up the street buys \$600 worth of napkins or ketchup or menus or garbage bags over the course of a year, guess what. They start building that stack of 1099s.

Think about how that paperwork is going to burden that small business. This includes transactions with corporate as well as noncorporate entities. It also applies to government entities at the local, State, and Federal levels.

Businesses in my State, but I am confident across the country, are absolutely up in arms about this provision, and they should be. Last week, the National Taxpayer Advocate, an Internal Revenue Service ombudsman, issued a report with some very startling admissions. This provision, they say, will affect 40 million businesses, including about 26 million sole proprietorships not counting farms. That is 10 times the number of job creators than the administration asserts will benefit from the small business tax credits.

We need to look for ways to help small businesses, not hammer them. A Nebraska small business owner wrote to me recently. This business owner pointed out that he owns three small town lumber yards and wanted to weigh in on this provision. I am quoting from that letter:

As you know, it is difficult to survive as a small business in rural communities. . . . Putting on additional burdens involving time, paperwork and money does not help.

That small business owner went on to say this:

The building supply industry is struggling to survive the housing and economic crisis and employers like myself would be severely impacted by the additional costs and paperwork burdens of the 1099 proposal.

I could not agree with this businessman more. This new provision is a one-two punch for our small businesses. It will require them to spend more money and time on paperwork and reporting. It does nothing to create jobs other than maybe at the Internal Revenue Service. This increases the overhead costs of staying in business. It will require them to spend more time and more money on paperwork and, no doubt about it, it is going to be tough for them to comply with the standards set so low at \$600.

Expenses to comply with Federal tax compliance regulations are already astounding. According to the Small Business Administration, small businesses that employ fewer than 20 people spend on average \$1,304 per year per employee. In contrast large companies spend on average \$780 average per year per employee. So we can see the IRS tax compliance regulations already disproportionately disadvantage small businesses compared to large companies. Why are we adding insult to injury with this new requirement? We should be doing all we can to reduce overhead costs, help them to be more competitive not increasing their bur-

dens. Why on Earth are we slapping Americans with more mandates that are counterproductive? Congress should be reducing businesses' overhead, helping them stay competitive.

Section 9006 creates a perverse incentive for companies to consolidate suppliers. Think about that. Guess who loses in those circumstances. Our small businesses, the same small businesses that we are counting on to create the new jobs and lift us out of this recession. Larger, more diversified suppliers will be more attractive as a way for the purchaser to reduce the paperwork. The fewer different transactions that total \$600 or more, the less paperwork. So the little guy loses.

The National Taxpayer Advocate said recently they are "concerned that the new reporting burden, particularly as it falls on small businesses, may turn out to be disproportionate as compared with any resulting improvement in tax compliance."

The Advocate report lays out several reasons this new provision of the law is causing so much concern. The report questions whether the new data will lead to better tax compliance. "The IRS will face challenges making productive use of this new volume of information reports."

For example, the new 1099's will not match tax returns due to returned goods or other technical reasons. The report predicts the IRS will improperly assess penalties for not filing forms. Again, I am quoting:

It must abate later, after great expenditure of taxpayer and IRS time and effort.

Finally, a chilling prediction in the report says:

Small businesses that lack the capacity to track customer purchases . . . may lose customers, leaving the economy with more large national vendors and less local competition.

It is clear that section 9006 attacks small businesses across this country. That is why I am introducing legislation to eliminate this barrier. My effort, which I call the Small Business Paperwork Mandate Elimination Act, would fully repeal section 9006 of the health care law and eliminate this ridiculous paperwork burden. I urge my colleagues to support me in this effort. Overburdening our job creators is not good policy, especially in this time in our economic recovery.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. WHITEHOUSE. Mr. President, may I speak for up to 15 minutes as in morning business?

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

BERWICK NOMINATION

Mr. WHITEHOUSE. Mr. President, I heard that some of my colleagues on the other side were here earlier engaged in a colloquy of condemnation of the appointment of Dr. Berwick to run CMS. I wanted to come back and respond because I think this body is making a mistake and is taking a very wrong path by attacking and criticizing this particular nominee.

To provide just a moment of context to his appointment, when I was here yesterday I had a graph that showed that in 1955, the year that I was born, we spent about \$12 billion on health care as a nation. Last year we spent \$2.5 trillion, 200 times as much. The graph showed not only the steep curve that took us from \$12 billion to \$2.5 trillion a year, but also the fact that curve was accelerating. It was getting steeper. In the last year the year-to-year increase was \$134 billion in health care expenditures.

That is the biggest year-to-year increase in the history of the Republic. If we kept at it, by 2016 a family of four in Rhode Island would be paying \$26,000 in premiums for a basic health care policy. Medicare Advantage plans jumped 14 percent last year nationally, on average. We are in both an unsustainable and an accelerating health care cost increase environment. Something absolutely has to be done about it. I suspect almost everybody in this Chamber would agree with that.

That is the backdrop—unsustainable, accelerating health care costs that now gobble up more than 17 percent of our gross domestic product. There is a huge discrepancy between us and every other nation in terms of the amount of our economy that we burn on health care. I believe the closest to us is now at 12 percent of GDP, and we are at 17 percent, and it climbs every year along with that accelerated, unsustainable rate of health care cost increase.

The question is, What are we going to do about it? This is a terrific burden on our economy. It is uncompetitive against other nations, it hugely depresses our manufacturing sector, and it clobbers families who have to pay for health care that is so expensive. It simply has to be addressed.

There are two ways we can do it. We could preserve the status quo and simply cut benefits that people receive. We could make Social Security health care benefits knocked down. We could make Medicare benefits knocked down—disability health care benefits for Social Security. We could make Medicaid benefits knocked down. We could spend less, I suppose, on TRICARE in the Veterans' Administration and provide fewer services, pay for less, or require more copays. That is one way to go about doing it, but it is not a very smart way and it is not a very humane way.

A lot of the costs in our health care system is waste; it is waste and inefficiency. If we look at the report of the President's Council of Economic Advis-

ers, they come at it in two ways, and both ways come to the same number, about \$700 billion a year—a year—in waste and excess costs.

The New England Healthcare Institute did a study—\$850 billion a year in waste and excess cost.

The Lewin Group and former Bush Treasury Secretary O'Neill have both arrived at a different number, but they agree the number is \$1 trillion a year in waste and excess cost.

So if we have a huge cost problem, and if we have waste and excess costs as high as \$1 trillion a year—to give us an idea of the scale, remember it was about \$2.5 trillion last year. It is supposed to be \$2.7 trillion this year. If the Lewin Group and Secretary O'Neill's number is right, that means one-third of the cost, more than one-third of the cost is waste in excess care, unnecessary cost. So going after that waste and excess cost should be a priority to deal with the cost burden that our health care system puts on the country.

How would we go about doing that? Well, we are actually fortunate in one respect. In all of the mess of our health care system we are fortunate in one respect; that is, there is a proven correlation in many areas between improving the quality of care and lowering the cost of care.

Probably the most famous example is dealing with hospital-acquired infections. A hospital-acquired infection costs maybe \$60,000 on average to treat, and it is avoidable. It is completely preventable. So if we crack down on hospital-acquired infections, if we fix the process failures that permit hospital-acquired infections to occur, we improve the quality of care, we save people's lives, we get them out of the hospital sooner and healthier, and we save money, all together. But because of the bizarre economics of our health care system, it is not in anybody's financial interest to do that who is also in a position to do that. So over and over, we have these failures where we could have huge win-win situations in which we improve the quality of care for the American people while reducing the cost of the health care system.

It happens with hospital-acquired infections. It happens with administrative overhead. Medicare runs about 3 to 5 percent of overhead. The private insurance market runs at about 20 to 27 percent overhead. It has more than doubled in the last 6 years, from 2000 to 2006. In 6 years it has more than doubled, just the administrative overhead, not health care itself, the administrative overhead of the private insurance industry. That is part of the waste and excess costs.

We can tackle those things. We can drive them down. We can improve, for instance, maternal mortality rates in this country. Believe it or not, America is 39th in maternal mortality. Maternal mortality is a cold, statistical way of describing a mother dying in childbirth, giving birth to her baby,

and we are 39th in the world; 38 countries do better at protecting moms while they are giving birth to their children than we do.

If we can improve that rate, we can save money because the same process failures that lead to those deaths lead to expensive complications, additional days in the hospital, sometimes lead to lifelong injuries to the baby as it is being delivered, which create huge cost. So, again, it is a win-win when we improve the quality of care to lower the cost of medicine.

Now, why do I say all of that? Why do I talk about the importance—first of all, the urgency of the cost problem and the importance of pursuing this win-win strategy to reduce the cost of care by improving the quality of care for Americans? I mention that because Don Berwick is probably the leading pioneer in this area.

The bible of the quality of improvement movement was a book called "To Err is Human," written, I believe, by the National Institutes of Health. Dr. Berwick was one of the lead authors of that report. It was followed by another report called "Crossing the Quality Chasm." Those two reports have been the foundation for the quality reform movement.

I am very familiar with the quality reform movement because I founded something in Rhode Island called the Rhode Island Quality Institute which has led in this area. The legislation we passed, the health care legislation, contains an immense number of reforms of the delivery system that are designed to capture this win-win, that are designed to improve the quality of care in ways that lower the cost of care.

One economist has called it the most significant action on medical spending ever proposed in the United States. A Noble Prize-winning economist has noted that official estimates don't give the plan much credit for the cost-saving efforts in the proposed reform, but realistically the reform is likely to do much better at controlling costs than any of the official projections suggest.

An MIT professor, who is a leading health economist, said: I cannot think of a thing to try that they did not try. They make the best effort anyone has ever made. Everything is in here. You could not have done better than they are doing.

So the bill created an array, a portfolio of tools for beginning to change our broken, dysfunctional health care delivery system and move it more in the direction of better patient care that costs less money.

The lead practitioner of that, the lead advocate of that, the person who has thought about this the most and done the most work on it is Dr. Don Berwick. So it makes perfect sense he would be the person brought over by President Obama to lead CMS and to apply these principles of improving the quality of care, to reduce the cost for America. He is an expert at it. I think