ObamaCare premium subsidies—which is fair, due to the fact that the IRS has no way of verifying household income, and now the Department of Health and Human Services said it will not even try to verify a person's income—we could be looking at $210 billion to $250 billion in improper payments over the next 10 years. When is it going to end? When are the taxpayers going to get a break? This administration doesn't seem to know how to get us there.

Some of that will be the result of fraud and some of it will simply be due to filing errors. Either way, if the IRS's track record with refundable credits is any indication, we are looking at hundreds of billions of dollars in improper payments when it comes to the ObamaCare premium subsidies. Now with the Obama administration abandoning any income verification, we are left with a policy that is little more than an honor system for hundreds of billions of dollars of premium subsidies.

I will say it again: An honor system at a time when the Finance Committee and the administration are trying to crack down on improper government payments both within the tax system and our Federal health programs. If the definition of insanity is doing the same thing over and over expecting different results, then this is the definition of insanity on steroids. Couple that with the already soaring pricetag of the subsidies and we have a disaster on our hands.

In his fiscal year 2012 budget, President Obama put the cost of the first year of premium subsidies at nearly $16 billion. In his most recent budget, that number soared to nearly $22 billion without any additional explanation.

Why are these costs going up? There are a number of possible explanations. For example, there is the fact that due to the cost imposed by ObamaCare, more and more employers are opting to drop coverage, thereby pushing more and more people into the exchanges subsidized by these very same tax credits. At the same time, we know in order to avoid providing health care benefits, many employers are moving employees into part-time work, which, once again, pushes more people into receiving premium subsidies in order to purchase health insurance.

Of course, there is the looming fact that despite the President's claims that his health care law would reduce the cost of health insurance, the cost of insurance premiums has continued to skyrocket. All of these are potential explanations of why the estimated cost of the premium subsidies has gone up in the President's budget.

Yesterday a group of my Senate colleagues and I sent a letter to Secretary Lew and Secretary Sebelius asking for an in-depth analysis as to how much of a burden the new health insurance exchanges will be on the Federal budget given the skyrocketing pricetag of these premium subsidies. This is a reasonable question given the magnitude of America's debt.

Between the dramatically increasing costs, the daunting tasks of administering these credits through the Tax Code, and now the administration is pulling back antifraud requirements, the chances for success are extraordinarily slim.

As I said earlier, this law is too big, too cumbersome, too inclusive, and too costly to work. I have never supported it, and for good reasons. What is most disconcerting is that it is the millions of Americans who work hard every day to pay their bills, put food on their tables, and send their children to school who will bear this burden. For their sake, the best solution is a permanent delay of the whole law—and not just for the business sector but for everybody. That is what we need to do.

We have to get rid of this pay-and-chase system that is going on right now where the government just pays in accordance under the honor code they described and later have to chase those who have defrauded the government. It is just unbelievable.

Well, look at the premium subsidies. These are tax credits in ObamaCare designed to defray the cost of purchasing health insurance. These are going to go to some 7 million tax filers in households earning as much as $94,000 a year. How many people who are making much more than that will claim they are making less than $94,000 a year? Well, if we look at the past, there is going to be a lot of them.

What is the IRS going to be able to do? They will not be able to approve it because they don't have the mechanisms to do it. My gosh.

The administration said they are just going to rely on the filer to self-report their income to get access to the credits. Give us a break. My gosh. Like I said, the projected figure for subsidy expenditures has gone from $16 billion to $22 billion in just a couple of years. It is mind-boggling that they get away with it. It is mind-boggling that the American people have not risen up in rebellion against this stupid bill, and it is mind-boggling to me how my colleagues on the other side continue to defend this monstrosity.

Every day we hear about more and more problems with it. Every day we hear about more and more costs. Every day we hear about more and more fraud. Every day we hear about people in the government who don't understand it and can't figure it out.

When are we going to grow up and realize this is a dog and it is hurting America? I will be honest. I believe within a year or two the President is going to throw his hands in the air and say: This is not working. We have to go to a single-payer system—in other words, socialized medicine where the government will control all of our lives and will determine who gets health care and who doesn't. I have to say that is where we are headed. I hope I am proven wrong in the future, but I know I am going to be proven right. I can just see it. If it happens, it will have been done by our friends on the other side—100 percent—who voted for this dog. They don't seem to recognize it is eating America alive.

I don't understand it. I love my colleagues on the other side. We have been friends for a long time. I have been here 37 years. There are only two Senators in that 37-year period whom I thought had no real reason to be here. I have loved everybody else, some more than others, of course.

The fact is what is happening has happened because of the Democratic side of this floor, and we have to get some heroes over there to start standing and saying: We are not going down that road. We are not going to become socialism revisited, even though many of their supporters want that, as is evident to anybody who looks at it. When is our media going to take up and realize this is what is happening to our country and it is wrecking it. On top of that, we have this absolutely idiotic desire on the part of my friends on the other side to change the rules—to break the rule to change it.

I yield the floor.

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

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

TOO BIG TO FAIL

Mr. BROWN. Mr. President, there is broad agreement that overleveraged financial institutions significantly contributed, to put it mildly, to the 2008 financial crisis and that they were bailed out because everyone knows they are too big to fail.

Years later—5 years later now—there is an implicit assumption that the largest megabanks—the five or six largest banks in the country—are still too big to fail. That means the markets give them funding advantages that experts estimate are as high as 50 or 60 or 70 or even 80 basis points.

That means when they go in the capital markets, they can borrow money at close to 1 percent. Eighty-eight basis points is fourth-fifths of 1 percent. They can borrow money at a lower cost than virtually anyone else in our economy.

Studies from Bloomberg have shown that this can mean a subsidy of upward of $80 billion to these five, six, seven megabanks—these large megabanks.

Last year, as a result, my colleague Senator VITTER and I began to push the banking regulators—the Federal Reserve, the Office of the Comptroller of the Currency, and the FDIC, the Federal Deposit Insurance Corporation—to use stronger capital and leverage rules to end this too-big-to-fail subsidy.

There is now bipartisan agreement that imposing more stringent capital and leverage requirements for the largest financial institutions could help prevent the next financial crisis and prevent future bailouts.

Unfortunately, the Basel Committee—named after a city in Switzerland—responsible for the Basel III international capital rules adopted a mere 3-percent leverage ratio.

In 2007, the investment banks Bear Stearns and Lehman Brothers were leveraged 33 to 1 and 31 to 1, respectively. These institutions would have been compliant with the Basel III international leverage ratio, and yet each would have become insolvent, or nearly insolvent, if the value of their assets declined by as little as 3 percent. That meant they only had sort of 3 percent protection, and if their assets declined by more than 3 percent, they would be what you call underwater. They simply would be a failing, unsustainable institution or bank.

I am pleased to say that this week regulators finally went beyond these inadequate rules and proposed a 6-percent leverage ratio for insured banks. I said earlier, Senator VITTER and I had argued for this and were pushing the banking regulators to do what they, in fact, did this week.

The move is a necessary step in the right direction. It shows how far this conversation has gone in a short time. But there is more work to be done. Let me explain several things we can do now.

First, the number needs to be higher. The Wall Street Journal editorial board—not a group of people with whom I often agree or with whom I see eye to eye very often—wrote this morning about these rules:

> [O]ur preference would be to go north of 6 percent.

To be higher.

> Why not approach the capital levels that small finance companies without government backing are required by markets to hold, which can run into the teens?

They are required by markets. For the megabanks, the market does not quite respond the same way because of their economic and their political power.

Second, I am still concerned that banks can use risk weights and their internal models to game capital rules. This amounts to the banks determining for themselves—this is not some government body or some unaligned group of economists—this amounts to the banks determining for themselves how risky their assets are, thereby setting their own capital requirements.

The Financial Times said today the biggest banks plan to use ''optimization'' strategies—not more equity—to meet the new leverage ratio.

> ''We're going to be able to pull a lot of levers,'' said an executive at a large US bank on Wednesday. . . . Analysts at Goldman Sachs noted in research for clients that ''banks have a lot of options to mitigate the impact.''

That is why we need simpler rules that cannot be gamed by Wall Street, and this rule cannot be watered down by Wall Street lobbyists.

There is no reason agencies should not finalize these rules and begin implementing their rules tomorrow—not go through the long rules process. We cannot wait. Small businesses and families cannot afford to wait, neither can our economy.

Finally, there is more work to be done to rein in Wall Street megabanks. Senator VITTER and I have a bill that would do this—the bipartisan too big to fail act. It would restore market discipline by raising megabanks' capital requirements and limiting the Federal safety net that supports them.

I have also proposed legislation called the SAFE Banking Act to cap the amount of nondeposit liabilities that any single megabank can have.

The regulators have begun to do their jobs. It is time for Congress to do its job. This week was a good week. It was a step in the right direction, but it is time to finish the job. It is time to end too big to fail once and for all.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

(The remarks of Mr. MCCAIN and Ms. WARREN pertaining to the introduction of S. 1282 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

SAFE RETIREMENT ACT

Mr. HATCH. Mr. President, I ask unanimous consent to have printed in the RECORD the following seven letters expressing support for S. 1270, the Secure Annuities for Employee, SAFE, Retirement Act of 2013: Committee of Annuity Insurers, Great American Life Insurance Company, Insured Retirement Institute, Investment Company Institute, Metropolitan Life Insurance Company, National Association for Fixed Annuities, and the National Association of Insurance and Financial Advisors.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DAVIS & HARMAN LLP,
Washington, DC, July 3, 2013.

Re SAFE Retirement Act of 2013.

Hon. ORRIN HATCH,
U.S. Senate,
Washington, DC.

DEAR SENATOR HATCH: On behalf of the Committee of Annuity Insurers[1] I am writing to express the Committee's appreciation of your effort to further the retirement security of American workers by introducing the SAFE Retirement Act of 2013. As the Act recognizes, Americans face many obstacles in preparing for and living in retirement. Prior to retirement, they must attempt to accumulate adequate savings while also understanding that at retirement they will need to convert those savings into an income stream that will last the rest of their lives.

There is no one approach that will fully address these challenges. Rather, Americans need a number of options to help them achieve their retirement goals. The introduction of legislation such as the SAFE Retirement Act is an important contribution to the current and future public dialogue on retirement security.

Of course, a key element of retirement security is guaranteed lifetime income. Life insurance companies and the annuities they issue pool the longevity risks of large groups of individuals and thereby provide guaranteed lifetime income to those individuals. Annuities can also help individuals accumulate retirement savings in a manner that suits their personal approach to saving. As a result, annuities are, and should remain, a key means of assuring retirement security, as the SAFE Retirement Act recognizes.

The Committee of Annuity Insurers commends you for your efforts on the SAFE Retirement Act, and we look forward to working with you and your staff to improve the retirement security of all Americans.

Sincerely,

JOSEPH F. MCKEEVER,
Counsel to the Committee of Annuity Insurers.

[1] The Committee of Annuity Insurers is a coalition of 28 of the largest and most prominent issuers of annuity contracts, representing approximately 80% of the annuity business in the United States. The Committee was formed in 1981 to address federal legislative and regulatory issues relevant to the annuity industry and to participate in the development of federal tax and securities policies regarding annuities.

GREAT AMERICAN
LIFE INSURANCE COMPANY,
Cincinnati, OH, July 3, 2013.

Re Safer Pension Act of 2013

Hon. ORRIN HATCH,
U.S. Senate,
Washington, DC.

DEAR SENATOR HATCH: After participating in a NAFA call with Preston Rutledge on July 3, I am writing to express that I appreciate your effort to further the retirement security of American workers by introducing the Safer Pension Act of 2013. As the Act recognizes, Americans face many obstacles in preparing for and living in retirement. Prior to retirement, they must attempt to accumulate adequate savings. After they retire, they must address the challenge of assuring that the savings they accumulated while working will provide them with income for the rest of their lives.

There is no one approach that will fully address these challenges. Rather, Americans need a number of options to help them achieve their retirement goals. The introduction of legislation, such as the Safer Pension Act, is an important contribution to the current and future public dialogue on retirement security.

Of course, a key element of retirement security is guaranteed lifetime income. life insurance companies and the annuities they issue pool the longevity risks of large groups of individuals and thereby provide guaranteed lifetime income to those individuals. Fixed annuities can also help individuals accumulate retirement savings in a manner that suits their personal approach to saving. As a result, annuities are, and should remain, a key means of assuring retirement security, as the Safer Pension Act recognizes.

The National Association for Fixed Annuities and its member companies commend you for introducing the Safer Pension Act and we look forward to working with you and your staff to improve the retirement security of all Americans.

Sincerely,

MALOTT W. NYHART,
Divisional President, Single Premium/Financial Institutions Division.