The proposal would offer subsidies to small employers whose workers have low average wages and who offer health benefits to those workers. The amount of the subsidy would vary with the size of the firm (up to a limit of 50 workers), and firms that contribute larger amounts toward their workers' health insurance would receive larger subsidies. The credit would be available indefinitely, but firms would be eligible to take the credit for only three consecutive years at a time.

KEY PROVISIONS NOT YET TAKEN INTO ACCOUNT

There are several features of the proposal that CBO and the JCT staff have not yet reflected in their budget estimates. The most significant features of the proposal that have not yet been estimated would do the following:

Require insurers to offer dependent coverage for children of policyholders who are less than 27 years of age.

Delegate authority to a Medical Advisory Council to establish minimum requirements for covered health benefits and to determine the level of coverage that individuals would need to obtain in order to qualify as having insurance.

Require insurers to maintain a minimum level of medical claims paid relative to premium revenues (otherwise known as a ''medical loss ratio''), or to repay certain amounts to policyholders; the HHS Secretary would have the authority to set the minimum medical loss ratio.

Apply ''risk adjustment'' (a process that involves shifting payments from plans with low-risk enrollees to plans with high-risk enrollees) to all health insurance policies sold in the individual and group insurance markets.

Allow employers to buy health coverage through the exchanges.

Require health insurance plans participating in the new exchanges to adopt measures that are intended to simplify financial and administrative transactions in the health sector (such as claims processing).

[From the Wall Street Journal, June 15, 2009]

STATES' BUDGET GAPS ARE ANOTHER TEST FOR WASHINGTON

(By Jonathan Weisman)

As the White House eagerly scans the economic landscape for signs of recovery, a looming drought in the form of state budget deficits could make any ''green shoots'' wilt.

States face a cumulative shortfall of $230 billion from this year through 2011, and there is little sign in bailout-weary Washington of any attempt to create yet another aid program to solve that problem. But if the federal government did want to hold that drought at bay, it has options: passing another stimulus plan; assisting states in the bond market; assuming a greater share of Medicaid payments. If the recovery stalls a few months from now, those may suddenly become central to the rescue efforts.

While discouraging talk right now of any federal response to state budget woes, the Obama administration is anxiously eyeing state efforts to close persistent budget gaps. So far, 42 U.S. states have slashed enacted budgets to cope with rising demand for services and plunging revenue, according to the National Governors Association. About half have also raised taxes.

Those policies run counter to Washington's efforts to prime the economic pump, with a $787 billion stimulus plan, plus hundreds of billions of dollars more in new lending, mortgage relief and other efforts. About $246 billion of the stimulus funds are already going to the states, to offset rising Medicaid costs, stave off education cuts and help with infrastructure problems. Friday, the Treasury made $25 billion in bond authority available for state and local governments under the Recovery Zone Bonds program, a little-known piece of the massive stimulus law.

But all that money will start drifting away next year, when the administration hopes a recovery will be taking hold. And that is exactly when states anticipate their fiscal problems could be even worse. 'The states have so few options to respond,'' said Nick Johnson, director of the state fiscal project at the Center on Budget and Policy Priorities, a liberal think tank. ''Drawing down reserve funds, various accounting gimmicks—those options are either gone or won't do enough. The remaining options threaten to slow the recovery.''

If Washington were inclined to help, the easiest approach would be a second stimulus bill pouring more money directly into state coffers. But with a federal budget deficit approaching $2 trillion, there is little chance of that.

So creativity is in order.

House Financial Services Committee Chairman Barney Frank has been searching for low-cost ways to step in. His staff has looked into a raft of measures to loosen state borrowing and lower the interest rates state governments must offer on their bonds. The Massachusetts Democrat would like to create a reinsurance fund, financed through premiums paid by bond sellers, which would offer bond purchasers additional assurance that their money is safe.

Legislation also could mandate that ratings companies such as Standard & Poor's would have to use the same criteria to rate state bonds as are used to rate corporate bonds—a requirement that doesn't exist now, sometimes to the disadvantage of states. 'Where there's the full faith in credit behind these municipal bonds, where the full taxing power of a state or city is behind them, they never default,'' Mr. Frank said, yet the bonds are ''treated as if they're risky.''

In the short run, the Treasury or Federal Reserve could use existing programs established to prop up consumer borrowing to underwrite state bond offerings, he said. That would bring more lenders into the state bond market and lower interest costs for cash-strapped states.

President Barack Obama suggested in a recent C-SPAN interview that some kind of clever bond-market moves may be in the works. ''We are talking to state treasurers across the country, including California, to figure out are there some creative ways that we can just help them get through some of these difficult times,'' he said.

But crafting the right balance would be tough.

Treasury officials have told California state legislators that the U.S. is monitoring the situation but isn't keen to provide assistance, according to people familiar with the matter ''It's hard to help just one state,'' says a government official. On the other hand, there is worry about setting up a broad short-term assistance program that some fret could turn into a permanent federal subsidy.

The move to bail out California—or any other state—is made harder by the current political climate, particularly opposition from home-state Republicans on Capitol Hill.

Rep. John Campbell, one of four California Republicans on Mr. Frank's committee, said a federal intervention would only halt state efforts to come to terms with budgets and could create incentives to spend even more. ''The states are kind of on their own because the bullets are out of the federal gun,'' he said, ''not because they couldn't print some more money but because I hope there's a recognition that printing and borrowing more money is going to have extremely negative consequences.''

In response, Mr. Frank shrugs: ''How am I going to get representatives from Pennsylvania and New York to send money to California if Republicans from California are fighting it?''

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ALEXANDER. I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized.

EXTENSION OF MORNING BUSINESS

Mrs. BOXER. Madam President, I ask unanimous consent that morning business be extended until 15 minutes from now.

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

HEALTH CARE REFORM

Mrs. BOXER. Madam President, I decided to come to the floor to talk about a couple of things. One is health care reform and the other is the stimulus package.

We are seeing attacks from the party of no, the Republican Party, every day on this floor, and I believe the purpose is to derail health care reform. I think it is perfectly legitimate to debate how we do it, but I think when everything is stripped away, you are going to see the Republicans as the party of the status quo.

In relation to health care reform, the status quo has to go, because it is hurting our people. I will put a couple of facts out there that are irrefutable; they are just facts. The fact is, if we don't act, soaring health care costs are unsustainable for our families. In this great Nation, we pay twice as much as any other nation for our health care. The fact is we must turn this around. As the wording is now, we must ''bend that cost curve,'' because we cannot sustain the situation as it is. It is hurting our families. Premium rises are unbelievable. We all know it in our own circumstances. And we know the uninsured keep growing. Why? Because they cannot afford the premiums or maybe companies won't take them because they may have had high blood pressure or something, and they don't get the coverage they need. So they don't avail themselves of prevention.

We have too much obesity in this country among our kids and adults. We know that prevention in and of itself could bend that cost curve. If someone understands nutrition and diet, and they get help in making sure they change their lifestyle or that their kids don't eat sugar and fattening foods all the time, it has an enormous impact on what happens to them when they get older. Diabetes is a major problem. We can turn that around, along with the heart risks that go with it later on, and the stroke risks that go with high blood pressure. These things can be controlled.

We took a first step in prevention when we passed the bill on smoking