the MLR provision in PPACA requires health insurance plans ''to pay rebates to their members if a certain percentage of their premiums are not spent on medical costs. This provision may provide an incentive for health insurance companies to reduce their compensation to and/or utilization of producers as they seek to reduce their administrative costs in relation to their medical costs.''

In this scenario, unintended consequences are important to consider. For example, an insurer may increase premiums in another product to make up for lost revenues in one where a rebate is issued. Also insurers may be incentivized to scale back utilization management techniques as a result of the MLR requirement. Accordingly the underlying medical trend which drives premium costs would increase for everyone in the risk pool, therefore leading to higher premiums for all consumers who have a health plan with that company.

Costs for consumers may also increase because of increased fraud in the system. Because insurance plans are economically discouraged from activities not directly connected to medical care, there is a perverse incentive to reduce efforts to police fraud such as conducting utilization reviews and data analysis to root out individuals who defraud the system. This is such a significant problem that it was highlighted in congressional testimony before a House subcommittee earlier this year. ''Given the role that health plan fraud prevention and detection programs have played in establishing effective models for public programs, improved data for law enforcement, and successful prevention efforts, we believe the MLR regulation's treatment of such programs should be reevaluated,'' said the witness. According to the testifying witness, the specific concern is '' the MLR regulation only provides a credit for fraud 'recoveries'—i.e., funds that were paid out to providers and then recovered under pay and chase' initiatives.'' This effectively discourages preventative measures:

> The MLR regulation's treatment of fraud prevention expenses works at cross purposes with new government efforts to emulate successful private sector programs, and it is at odds with the broad recognition by leaders in the private and public sectors that there is a direct link between fraud prevention activities and improved health care quality and outcomes.

Ironically, this myopic focus on MLRs obscures the best tool to evaluate the value of a health insurance product: consumer choice. As Professor Robinson explained:

> The best indicator of current and expected future value in a market economy is the willingness of the consumer to purchase and retain the product. In health care, this translates into measures of growth in enrollment and revenues, adjusted for disenrollments and changes in prices. Plans that are growing are offering something for which purchasers are willing to vote with their dollars and consumers are willing to vote with their feet.

Let me turn to my third concern. Consumers face fewer choices, less competition in the marketplace. As noted previously, the MLR threatens to destabilize several markets by pushing some health insurance plans to stop offering some insurance products, or exit the market place altogether. The Congressional Research Service explained this more in detail in a memo to Congress. CRS said the MLR ''requirements of PPACA will place downward pressures on administrative expenses, including the use of insurance producers. Thus, there will be an incentive for insurance companies to cut back on the use of producers or reduce their commissions in order to rein in their administrative expenses. Some observers, including associations of producers, have suggested that the regulatory and market changes resulting from PPACA could put producers out of business.''

The very allowance in PPACA for waivers from the MLR provision is a tacit admission the one-size-fits-all MLR approach mandated under PPACA is neither in the best interest of consumer choice nor competition among health plans in many insurance markets across the country. President Obama once publicly pushed for a government-run health plan under the auspices of more ''choice and competition,'' Unfortunately, the controversial health care law he signed is set to reduce choice and competition for millions of American consumers.

Mr. President, finally, the new mlr mandates further the government takeover of health care. Much ink has been spilled about the claim that PPACA represents a government takeover of health care. In my view, there is no disputing this claim. Even before the passage of PPACA, the nonpartisan Congressional Research Service issued a report showing that 60 percent of health care spending in the United States is controlled by State, local, and Federal governments. Now, after passage of the controversial health care law, the Federal Government will effectively regulate health insurance markets and dictate what types of health coverage Americans can buy—even penalizing employers and consumers who do not offer or purchase coverage. The law also massively expands the Medicaid Program—a program that began as a Federal-State partnership but that has evolved into a gimmick-ridden program threatening State budgets and too often promising patients coverage while denying them access to care. The law also includes hundreds of new powers for the Secretary of Health and Human Services and creates dozens of new programs that will further interfere in the practice of medicine. Yes, the law is a government takeover of health care.

Interestingly, the nonpartisan Congressional Budget Office warned that if the MLRs in PPACA were only slightly higher, PPACA would result in a complete government takeover of all health insurance. In a December 2009 analysis, CBO warned that if the MLRS were 5 percentage points higher, all private insurance would become ''an essentially governmental program.'' In fact, this CBO analysis—publicized before the health care bills became law—may be one key reason the Democrats refrained from pushing for a 90-percent MLR. CBO warned that if a 90-percent MLR were adopted, ''taken together with the significant increase in the Federal government's role in the insurance market under the PPACA, such a substantial loss in flexibility would lead CBO to conclude that the affected segments of the health insurance market should be considered part of the federal budget.'' If the bills' authors had, in fact, included a 90-percent MLR, they would have faced critics waving a CBO analysis affirming the government takeover of the health insurance industry was complete. However, even with this determination, CBO appeared to admit that determining at what point a high MLR triggers a complete government takeover of the insurance industry was not entirely cut and dry. CBO said, ''Setting a precise minimum MLR that would trigger such a determination under the PPACA is difficult, because MLRs fall along a continuum.''

Mr. President, in the end though, CBO settled on 90 percent as the tipping point, though, as they noted, any ''further expansion of the Federal Government's role in the health insurance market would make such insurance an essentially governmental program, so that all payments related to health insurance policies should be recorded as cash flows in the federal budget.'' In other words, this was just about as close as the Democrats could get without even CBO admitting it was a complete government takeover of the health insurance markets.

TRIBUTE TO STEVE ARMS

Mr. LEAHY. Mr. President, I would like to take a moment to pay tribute to Steve Arms, a technology inventor, innovator, and successful entrepreneur from Vermont.

Steve founded and developed a high tech firm, MicroStrain, which creates sophisticated micro sensors that were originally designed for arthroscopic implantation on human knee ligaments. Their sensors have since evolved and are now used by NASA, on car engines, for advanced manufacturing, on civil structures, and by the U.S. military.

When Philadelphia's Liberty Bell needed to be moved in 2003, the National Park Service used MicroStrain to detect whether the 250-year-old bell's famous crack was worsening, even by a hundredth of a hair's width. Fortunately, and thanks to MicroStrain's sensors, the Liberty Bell was moved without damage.

A product of Vermont's public education system and flagship state university, Steve grew a one-man business

based out of his Burlington apartment into a more than $12 million a year company. Based in Williston, VT, and now employing 55 people, MicroStrain's constant innovation and product improvement has earned the company numerous top awards in the industry.

I am proud to see to see Vermonters working on cutting-edge technology that will benefit both Vermont's and the country's economy. I thank Steve and all of the employees at MicroStrain for their hard work.

I ask unanimous consent that a copy of the recent Burlington Free Press article entitled Vt. Tech innovator: Be in the moment, be printed in the RECORD.

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

[From the Burlington Free Press, Nov. 2, 2011]

VT. TECH INNOVATOR: BE IN THE MOMENT

(By Molly Walsh)

WILLISTON.—Back in high school, Steve Arms thought he might want to be a journalist. He'd grown up reading non-stop and often sneaked books and a flashlight under the covers when he was supposed to be asleep.

He changed direction shortly before graduating from Burlington High School in 1977. During his junior and senior years, a math teacher and a physics teacher ignited a fuse that prompted Arms to become an engineer, inventor and successful tech entrepreneur who runs a Vermont company with 55 employees and gross sales of $12.8 million in 2010.

''I have a dream job. I can't believe I get paid to do this,'' Arms said during an interview at MicroStrain, the sensor company he founded and leads in Williston.

The company designs and sells tiny, highly sophisticated sensors used in U.S. military drones, NASA rocket tests, tracking devices and a range of industrial and medical products. Arms founded the company when he was a Ph.D. candidate at the University of Vermont, where he studied engineering and biomechanics. His first product was a mini-sensor used in arthroscopic knee surgeries that he began selling after writing the federal grant to help fund the development himself.

In the early days at his company, Arms typed up the invoices, answered the phone and hustled sales in addition to designing products. He slowly grew the company and says a careful, conservative approach to expansion—no outside investors and a pay-as-you go approach as much as possible—allowed the business to thrive and continue developing cutting-edge products as requested by various customers. Because there were no outside money people demanding quick growth, Arms and his staff had the time to try, fail and retry new product design—in other words, innovate.

Now much of the work is solving problems for clients and continuously pushing for new designs—and that's what science education should teach as well, Arms said. Schools that help young people use science and math to find solutions—whether it's flood prevention or saving the rain forest—are on the right track. ''Kids are amazingly creative and they really want to make the world a better place,'' Arms said.

It can take MicroStrain up to a year to find certain employees and the company regularly recruits out of state. But many employees are Vermonters or returning Vermonters. And Arms has had great success with summer internship programs for college students, many of whom are studying electrical engineering at local colleges and out-of-state schools such as Clarkson, Stanford and MIT. Some interns spend three summers at the company before they graduate. MicroStrain regularly hires from the intern pool because the interns are up to speed on the work and because they've basically succeeded during an extended job interview.

As a student, Arms responded to teachers who were well organized, animated and happy to let a curious student run with questions. His foray into bioengineering happened largely because his UVM work study job put him in a department full of doctors and medical researchers. He loved talking to them and soon was writing grants as part of his job—a skill that came in handy when it was time for Arms to found MicroStrain.

His advice for students is similar to what he gives his three children, including a son at Reed College and twin daughters at Champlain Valley Union High School. Arms was never a grind who obsessed over getting As in everything and he left some homework undone. He worked, but not obsessively. One thing he did learn was to follow his interests and be efficient—by paying attention in class, for example. ''Be in the moment. . . . Make the most of your time when you are there.''

Schools could help inspire a love of science by making it real, he added. Simple props—chalk and a two-by-four, a bicycle wheel—are great ways to teach calculus, physics and other STEM topics. Computers are can be useful tools but they do not guarantee engagement in class, he said.

Bringing speakers from STEM employers is another way to reach students, as is career mentoring. Arms still remembers the conversation he had with Sir John Charnley, who pioneered modern hip replacement, after Charnley visited UVM to give a lecture in which he detailed the series of failures he experienced before his big medical breakthrough.

''For me, that was just all I needed,'' Arms said. The talk left him with the sense of: ''I'm not giving up either.''

ADDITIONAL STATEMENTS

FLATHEAD VALLEY COMMUNITY COLLEGE SCHOLARS PROGRAM

• Mr. BAUCUS. Mr. President, today I wish to recognize the work of a group of students enrolled in the Scholars Program at Flathead Valley Community College in Kalispell, MT.

As a member of the Joint Select Committee on Deficit Reduction charged with coming up with a plan to tackle the deficit, I asked my bosses—the people of the great State of Montana—to send me their ideas on how to reduce the deficit.

Montana was built upon hard work, sacrifice, and values born on the frontier that remind us: we are all in this together. It is the same spirit that the Joint Select Committee must tap into in order to succeed.

So far, I have received over 1,200 letters, calls, and e-mails from Montanans with thoughts on deficit reduction and ideas that implicate all aspects of the Federal budget.

Montanans sent their suggestions on programs to trim or eliminate, where we could find additional sources of revenue, and where Congress should tread carefully, to not lose sight of those investments critical to the future of Montana and the entire United States.

The challenge facing the Joint Select Committee also poses an important opportunity for us to learn as a nation and as students of history.

That is why I invited Montana's colleges and universities to involve students in the discussions. Flathead Valley Community College took on this challenge with vigor.

FVCC decided to incorporate this project into its Scholars Program, an honors program for the college's top students. The students spent almost a month on the project.

As we have done in the Joint Select Committee, students started by reviewing reports issued by the Congressional Budget Office and the various bipartisan deficit-reduction plans. The students then met over a 2-week period to discuss their own ideas and debate the merits of each proposal. They all agreed that the group would come up with one plan to put forth to my office and to Congress.

Now, before I talk about what the students have produced, it is important to say a word about Flathead Valley Community College and the community it serves. Kalispell, MT, is located in the upper northwestern corner of the State of Montana. Glacier National Park sits to the east, and the tip of Flathead Lake is to the south.

There are few places in the world privileged to such natural beauty. But this area has not been immune to the tough economic climate. Far from it.

The Flathead area, once dominated by the wood products industry, has witnessed the closure of some of its largest employers.

While Montana's overall unemployment rate has remained below the national average, Flathead County is well above it, right now at almost 10 percent. Surrounding Lincoln, Sanders, and Lake Counties currently sit at 13, 13.3, and 10 percent unemployment rates, respectively.

Flathead Valley Community College has come to be viewed as the model for 2-year education, both in Montana and nationally.

And like many 2-year colleges across the country, FVCC has experienced a significant increase in enrollment as a result of the economic downturn. Both young and old are returning to school to enhance their skills.

Over the past 2 years, FVCC's enrollment increased by 43 percent. Last year, FVCC added 239 sections of classes and hired 89 new adjunct faculty members to meet increased demand.

This past spring, FVCC graduated the largest class in its history, with 388 students receiving 438 degrees. One-fourth of those students were eligible for assistance through trade adjustment assistance or the Workforce Investment Act.

I raise this because it is important to note that these students participating