solvency standards. It cannot just operate and not worry about standards that involve solvency. If there are States that have higher levels or higher requirements as to solvency, the public option would have to meet that.

The reimbursement rates will be negotiated by the Secretary and shall not be higher than the average of all local—local—gateway reimbursement rates.

I mentioned the importance of solvency as a requirement.

Startup funds will be provided by the Treasury to cover costs of initial operations and cover payments for the first 90 days of the plan's operation. But then that public entity, which is State based, would have to pay the money back over time. I think that is critically important to point out.

Finally, State-based advisory councils will provide recommendations to the Secretary on operations and policies regarding the Community Health Insurance Option, to take advantage of local innovative efforts and meet local concerns. So this is not some entity that is going to operate in Washington. It is an entity that will have not just public input and local input and local relevance but actually will take advantage of local innovative efforts that we see all across the country. I know in Pennsylvania there are hospitals or hospital systems or communities that do things a different way and are very successful, and we have to be giving them the opportunity to have that kind of flexibility.

I believe it is the right thing to do to have as part of the final bill a public option. I believe our bill we passed out of committee is the right way to do it. Others might have another version of it. But I believe the Community Health Insurance Option is a voluntary, focused way to make sure we are injecting real competition and thereby lowering costs but also enhancing choice.

One thing we do not want to do at the end of this road is limit choices people have. A lot of people will stay with their private insurance policy or their private plan. They will want to stay there. But others may say: I am in such a predicament or I am in such a cost situation that I need to choose a public option.

Finally, Mr. President—I will wrap up with this—I believe this debate has been critically important to the American people, even the debates that get a little heated. It is very important we get this right. It is very important we have spent the time we have spent over these many weeks and months. But we are reaching the point now where we are down to weeks, thank goodness, not months.

I believe we can get this right, we can put in place strategies to give people peace of mind, so when they go to work in the morning, they do not have to worry, as they do, about health care—the cost of it, the burden of it, being denied coverage because of a preexisting condition or having a child denied coverage because of that or a loved one. I believe we can also begin to wrestle the costs to the ground and not have them spiraling upward, as they have been doing for 10 or 15 or more years. I also believe we can enhance choice and quality.

Even with all the debates we are having, all the disagreements we sometimes have here in Washington, there is a lot of consensus about the need to pass a bill, about the need to enhance prevention efforts and quality efforts. I believe we can get there. But we will continue to highlight some major aspects of the bill, and we are going to continue to fight hard for these fundamental priorities of health insurance reform.

Mr. President, with that, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, how much time is remaining on the Republican side?

The ACTING PRESIDENT pro tempore. There is no divided time at this point. Morning business goes until 4:30 p.m.

Mr. ALEXANDER. Mr. President, I ask unanimous consent to speak in morning business.

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

HEALTH CARE REFORM

Mr. ALEXANDER. Mr. President, after a lot of serious debate and discussion, we apparently are about to come to the point where we have our first vote on health care reform.

What is it the Democrats—those on the other side—propose we do? Add one-quarter of a trillion dollars to the national debt. I thought this debate was supposed to be about reducing costs—reducing costs to the government and reducing costs to individuals across this country who cannot afford to pay for health care insurance. And then, as we find ways to reduce the costs of what we are doing, we can begin to expand health care coverage to the Americans who do not have insurance. But it is as big a problem—or bigger—today that those who do have health care insurance—and that is about 250 million of us out of 300 million—that many Americans cannot afford their health care.

So our focus is, I thought, on cost. How do we reduce costs to the government and costs to the American people? What we see is that the very first vote on health care reform will be on a proposal to increase the debt by $247 billion over 10 years in order to pay for Medicare doctors reimbursements. This is not the insurance companies talking. This is not the Republicans talking. This is not one news commentator talking. This is the proposal by the Democratic side, that the first vote will be to increase the debt by a quarter of a trillion dollars.

I wish to talk for a few minutes about this bill as we see it. Here we are supposed to be having legislation to reduce the costs to the government, and we apparently are going to, as the first step in the wrong direction, add a quarter of a trillion dollars to the government. The second thing we are trying to do is to reduce your costs—the costs that each of us pays for our health care insurance. The outlines of the bill we see coming through the Congress would actually increase premiums.

I would ask the American people and ask my colleagues: If our goal is to reduce costs—and we are adding to the debt and increasing premiums instead of reducing premiums and reducing the debt—why are we doing this?

Let me start first with adding a quarter of a trillion dollars to the debt. Here is what the proposal would be. You will remember a few days ago there was a great deal of congratulations when the Finance Committee finished a lot of hard work, and they said: This is a deficit-neutral bill. It doesn't add anything to the debt. That is what the Congressional Budget Office said based on a series of assumptions. That is something to be proud of because the President himself has said he won't sign a piece of legislation that adds one dime to the debt, and then he added to that, ''and I mean it,'' like a parent who wanted to make sure he was being heard by unruly Members of Congress.

I am glad he said that. I heard him say it earlier in the year when he had a summit on the condition of the Federal budget. Democrats and Republicans—we all went down to the White House. People came in and said: If we don't do something about the increasing debt in our country, our children and grandchildren aren't going to have a country. That was not overstating it. Everyone at the President's summit agreed that the principal cause of runaway debt in America is health care. It is Medicare and Medicaid.

Just these past few days—here is the weekend newspaper in Tennessee. This is the Nashville Tennessean on Saturday: ''Deficit leaps to $1.4 trillion.'' I think most Americans—I know at least most Tennesseans—are deeply concerned about this. But lest you think a Republican Senator is exaggerating the problem, let me just read a few paragraphs from the Associated Press story:

> Deficit leaps to $1.4 trillion. Economists warn of crisis if U.S. fails to act.

This is an Associated Press story.

> What is $1.42 trillion? It's the federal budget deficit for 2009, more than three times the most red ink ever amassed in a single year.
>
> It's more than the total national debt for the first 200 years of the Republic, more than the entire economy of India, almost as much as Canada's, and more than $4,700 for every man, woman and child in the United States.

Yet the first proposal, the first vote on health care is going to be to add to that debt.

The Associated Press article continues:

As a percentage of U.S. economic output, it is the biggest deficit since World War II. And, some economists warn, unless the government makes hard decisions to cut spending or raise taxes, it could be the seeds of another economic crisis.

Yet the first vote on the health care reform bill will be to add a quarter of a trillion dollars over the next 10 years to the national debt.

Quote:

''The rudderless U.S. fiscal policy is the biggest long-term risk to the U.S. economy,'' said Kenneth Rogoff, a Harvard professor and former chief economist for the International Monetary Fund.

Quote:

''As we accumulate more and more debt, we leave ourselves very vulnerable.''

Yet the first vote that is proposed on the health care reform bill is to add a quarter of a trillion dollars to the national debt. This seems unbelievable.

I ask unanimous consent to have printed in the RECORD following my remarks the article by the Associated Press from the National Tennessean of last Saturday.

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

(See exhibit 1.)

Mr. ALEXANDER. Mr. President, the issue at hand is something with which we are all very familiar. It is called the doctors reimbursement problem. When the 40 million seniors on Medicare go to see a doctor, the doctor is paid at a rate set by the government. That rate is only about 80 percent of what the doctor would be paid if the doctor was seeing a person with private health care insurance.

There is a complicated formula in the law that says those doctor payments will go down over the next several years—by as much as 25 percent over the next 2 years. The Congressional Budget Office has estimated that over the next 10 years, just to pay physicians the same they are being paid today, which I don't think very many physicians would be happy with, will cost $247 billion more than is accounted for in the Baucus bill that came out of the Finance Committee. So they just assumed it wouldn't be paid to physicians and the doctors would be, in effect, paying for the health care bill.

Well, suddenly some people on the other side of the aisle said: Oh, we can't do that, so we will just separate it from the health care debate. Actually, I think they have done us all a favor because they have made it the first vote on the health care reform bill. So we will have a chance to vote up or down on whether we want to add a quarter of a trillion dollars to the national debt. My experience in life is that most people remember their first impression, and if their first impression of voting on the health care reform bill is that the Congress starts off by just brazenly adding a quarter of a trillion dollars to the national debt at a time when the deficit has just leaped to $1.4 trillion in 1 year, then I think the American people will have a pretty good idea of what we are about here.

I think the President doesn't—I can't imagine him wanting this, based upon his saying, ''I will not sign health care reform that adds even one dime to our deficit.'' And this is part of health care reform, make no mistake about that. This is part of the bill. It is part of the problem. We are looking at health care over the next 10 years. That is the way our budget cycles work. Everyone is scoring it or estimating its costs based upon what it costs over the next 10 years. To pay doctors 10 years from now what they are being paid today—which I doubt many doctors would be very happy with—will cost $247 billion.

So instead of saying, let's find ways to cut other programs or raise taxes, we say, let's add a quarter of a trillion dollars to the debt. Adding a quarter of a trillion dollars to the national debt as the first step in the health care reform debate is the first step in the wrong direction. Of course we need to fix the problem of doctors reimbursement. It needs to be a part of what we do this year in health care reform. But just as with other parts of health care reform, we don't add to the debt to do that. At least that is what the President has said. At least that is what Republicans have said. And at least that is what the American people are saying at a time when the debt goes up and up and up.

The next problem is that not only is the cost to the government going up and our first vote on health care reform about to be to add to the debt, the outlines of the bill we are seeing increases premiums.

Over the weekend, the President said: Well, it is those mean old insurance companies trying to mislead you.

You don't have to be an insurance company to understand that the premiums are likely to go up. In the first place, the Finance Committee reduced the penalty you pay if you don't buy insurance to a level that will cause a lot of people not to buy insurance—at least that is the estimate of many—and if younger people especially don't buy insurance, the pool of people who do buy insurance gets smaller and the people in that pool find their premiums going up.

No. 2, the bill says—the outlines of the bill; of course we don't really have a bill. We will have a bill within the next several weeks, I imagine, or maybe several days. The bill says it is going to make it more expensive for my sons—one who is 30 and one is 40—to buy insurance and closer to what it costs for me. Right now across the country, I might pay eight times as much for my insurance as younger people do, but under this law it is going to say: We don't like that big gap between younger people and older people, so it might have to be two to one or three to one. Basically, it raises the cost of insurance for young people as a way of reducing it for older people. That means the premiums of younger people will go up, and it also means they may elect to get out of the system, make the pool smaller, and as a result of that, all premiums would go up.

No. 3, there is a provision in the law that says you must buy in many cases a government-approved health care insurance. Many people choose a high-deductible insurance where you only buy insurance for the big problems you know you can't afford and you pay less for your monthly premiums that way. A government-approved insurance policy might make it not as easy for you to do that. One estimate in Tennessee is that the cost for one of these high deductible plans would go from $50 a month to $400 a month—a big increase for those who buy high-deductible insurance policies. That is the third way your premium might go up.

Then the fourth way and final way, in addition to this concept we see coming from the Finance Committee that your premiums might go up, is there are $955 billion in new taxes. They say that is if we are taking a 10-year period after the program is fully implemented. They say: Well, those are taxes on other people. But they are taxes on your insurance company, taxes on the person you buy a medical device from, taxes on other people in the health care industry. What do you suppose companies do in any area that get additional taxes? For the most part, they pass those taxes on to you.

So there have been a number of independent observers who have said that because the individual mandate has been weakened, because young people are going to have to pay more for their insurance as compared to older people, because the government-approved policy is not going to allow so many high-deductible policies that many Americans like, and because nearly $1 trillion in taxes is eventually going to be over 10 years passed on to people who buy insurance, for all of those reasons, premiums are likely to go up.

So we are about to begin the debate on this floor on health care reform. It is one we need. What Republicans believe—and I see my friend from Delaware who I gather wishes to speak, and I will wind up so he can. But here is what we should do. We need health care reform, but health care reform is first and foremost about reducing costs, first to the government and next to individuals. To re-earn the trust of the American people on this score, we should start step by step with specific proposals that reduce costs; for example, allowing small businesses to pool their resources and offer insurance to their employees. Our own committees have estimated that this could add millions of people to the insured rolls. Second, reduce junk lawsuits that drive up costs. We disagree about how much it drives up the cost of insurance, but we don't disagree that it does. Third, allow people to buy insurance across State lines. That would create more competition. Fourth, create more health insurance exchanges so people can shop and find more different kinds of policies. Fifth, most all of us agree we need to encourage more health information technology and make health care simpler in that way. Perhaps we could even agree to change the tax incentives so that they don't all go to one group of people and are not going to lower and middle-income people.

There are four or five or six or seven ideas we could go step by step with to reduce costs. If we did that, we would be moving in the right direction. It is the wrong direction to start the health care debate with a vote that adds a quarter of a trillion dollars to the national debt at a time when we just added $1.4 trillion to the national debt in the past year. Of course we need to fix the doctors reimbursement, but it needs to be paid for by—it can't be added to the debt.

Whatever steps we take ought not just reduce the cost to the government; they need to reduce the costs to Americans, all of us who have health care insurance. Let's find ways to go step by step to reduce costs to the government and to reduce costs to premium holders and not start off by adding a quarter of a trillion dollars to the national debt.

EXHIBIT 1

[From the Tennessean]

DEFICIT LEAPS TO $1.4 TRILLION

(By Martin Crutsinger)

WASHINGTON.—What is $1.42 trillion? It's the federal budget deficit for 2009, more than three times the most red ink ever amassed in a single year.

It's more than the total national debt for the first 200 years of the republic, more than the entire economy of India, almost as much as Canada's, and more than $4,700 for every man, woman and child in the United States.

As a percentage of U.S. economic output, it's the biggest deficit since World War II.

And, some economists warn, unless the government makes hard decisions to cut spending or raise taxes, it could be the seeds of another economic crisis.

Treasury figures released Friday showed that the government spent $46.6 billion more in September than it took in, a month that normally records a surplus. That boosted the shortfall for the full fiscal year ending Sept. 30 to $1.42 trillion. The previous year's deficit was $459 billion.

"The rudderless U.S. fiscal policy is the biggest long-term risk to the U.S. economy," says Kenneth Rogoff, a Harvard professor and former chief economist for the International Monetary Fund. "As we accumulate more and more debt, we leave ourselves very vulnerable."

Forecasts of more red ink mean the federal government is heading toward spending 15 percent of its money by 2019 just to pay interest on the debt, up from 5 percent this fiscal year.

President Barack Obama has pledged to reduce the deficit once the Great Recession ends and the unemployment rate starts falling, but economists worry that the government lacks the will to make the hard political choices to get control of the imbalances.

Friday's report showed that the government paid $190 billion in interest over the last 12 months on Treasury securities sold to finance the federal debt. Experts say this tab could quadruple in a decade as the size of the government's total debt rises to $17.1 trillion by 2019.

Without significant budget cuts, that would crowd out government spending in such areas as transportation, law enforcement and education. Already, interest on the debt is the third-largest category of government spending, after the government's popular entitlement programs, including Social Security and Medicare, and the military.

As the biggest borrower in the world, the government has been the prime beneficiary of today's record low interest rates. The new budget report showed that interest payments fell by $62 billion this year even as the debt was soaring. Yields on three-month Treasury bills, sold every week by the Treasury to raise fresh cash to pay for maturing government debt, are now at 0.065 percent while six-month bills have fallen to 0.150 percent, the lowest ever in a half-century of selling these bills on a weekly basis.

The risk is that any significant increase in the rates at Treasury auctions could send the government's interest expenses soaring. That could happen several ways—higher inflation could push the Federal Reserve to increase the short-term interest rates it controls, or the dollar could slump in value, or a combination of both.

SPENDING LIKELY TO INCREASE

The Congressional Budget Office projects that the nation's debt held by investors both at home and abroad will increase by $9.1 trillion over the next decade, pushing the total to $17.1 trillion under Obama's spending plans.

The biggest factor behind this increase is the anticipated surge in government spending when the baby boomers retire and start receiving Social Security and Medicare benefits. Also contributing will be Obama's plans to extend the Bush tax cuts for everyone except the wealthy.

The $1.42 trillion deficit for 2009—which was less than the $1.75 trillion that Obama had projected in February—includes the cost of the government's financial sector bailout and the economic stimulus program passed in February. Individual and corporate income taxes dwindled as a result of the recession. Coupled with the impact of the Bush tax cuts earlier in the decade, tax revenues fell 16.6 percent, the biggest decline since 1932.

Immense as it was, many economists say the 2009 deficit was necessary to fight the financial crisis. But analysts worry about the long-term trajectory.

The administration estimates that government debt will reach 76.5 percent of gross domestic product—the value of all goods and services produced in the United States—in 2019. It stood at 41 percent of GDP last year. The record was 113 percent of GDP in 1945.

Much of that debt is in foreign hands. China holds the most—more than $800 billion. In all, investors—domestic and foreign—hold close to $8 trillion in what is called publicly held debt. There is an additional $4.4 trillion in government debt that is not held by investors but owed by the government to itself in the Social Security and other trust funds.

INFLATION IS A THREAT

The CBO's 10-year deficit projections already have raised alarms among big investors such as the Chinese. If those investors started dumping their holdings, or even buying fewer U.S. Treasurys, the dollar's value could drop. The government would have to start paying higher interest rates to try to attract investors and bolster the dollar.

A lower dollar would cause prices of imported goods to rise. Inflation would surge. And higher interest rates would force consumers and companies to pay more to borrow to buy a house or a car or expand their business.

Most economists say we have time before any crisis hits. In part, that's because the recession has erased worries about inflation for now. In its effort to stimulate the economy, the Fed cut a key interest rate to a record low last December and is expected to keep it there possibly through all of next year. Demand for loans by businesses and consumers is so weak that low rates are not seen as a recipe for inflation.

Robert Reischauer, a former head of CBO, said that in an optimum scenario, Congress will tackle the deficits next year. A package of tax increases and spending cuts could be phased in starting in 2013 and gradually grow over the next decade.

Mr. ALEXANDER. I thank the President, and I yield the floor.

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

EXTENSION OF MORNING BUSINESS

Mr. KAUFMAN. Mr. President, I ask unanimous consent that morning business be extended until 5:30.

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

IN PRAISE OF KENNETH E. CARFINE

Mr. KAUFMAN. Mr. President, I rise once again to recognize the service of one of America's great Federal employees. I feel fortunate to have a chance to stand here each week and share so many inspiring stories. Since the spring, I have recognized the contribution of public servants from a number of Departments, including Defense, Labor, Agriculture, and Justice, as well as Agencies such as NASA and CIA. Today, I will be speaking about an outstanding employee from the Department of the Treasury.

This is a time of great challenge to our economy, our markets, even the power of our currency. But the men and women of the Treasury and its various agencies and offices are working tirelessly on recovery and securing our prosperity. The impact they make through their daily work can be felt from coast to coast. Public servants at the Treasury Department serve on the front lines of job creation, public investment, and the management of tax income. They carry on the tradition of Alexander Hamilton, our first Treasury Secretary, who believed the health and prosperity of our Nation depended on the strong management and oversight of public funds. He laid the foundations of America's financial system, which the employees in the Treasury Department reinforce each day.

Kenneth Carfine has been serving the American people and the Treasury Department for 35 years.

A graduate of the University of Baltimore, Kenneth joined the Treasury Department's Financial Management Service in 1973, the same year I came to the Senate to work for then-Senator BIDEN. During his time there, Kenneth