

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HARKIN. I ask unanimous consent that the order for the quorum call be rescinded.

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

#### SMALL BUSINESS INSURANCE PREMIUM INCREASES

Mr. HARKIN. Madam President, yesterday I got a call from my friend and my colleague from Pennsylvania, Senator SPECTER. He said: Have you read the New York Times yet?

I said: Well, no, as a matter of fact I have not.

He said: Well, there was a front page story in the New York Times on Sunday about what was happening with small businesses, in terms of their insurance rates going up unduly, huge increases.

I said: Well, no, I have not read about it. I will get the paper and read it.

It struck a chord with me because somehow, over the last several weeks, I have gotten an influx of inquiries to me personally and also into my office from small businesses in Iowa, some elsewhere but mostly from my State, wondering what was happening to the huge increases in their premiums this year.

They have always been used to increases in premiums, but these seemed unduly large. Plus, a lot of copays and deductibles were going up. So I went out and got the newspaper and read the story in the New York Times that Senator SPECTER pointed out to me. It was alarming.

As I said, I thought about all the inquiries that had come into any office. I said: Something is going on out there. Something is going on out there. So we have this health care bill now, reform, that will be going down to CBO, I guess today, for scoring.

I wish to commend Senator REID for his leadership. I was actually in Pittsburgh today giving a lecture on disability policy at the University of Pittsburgh law school, with former Attorney General Dick Thornburgh, who had endowed the law school with an endowment. They have a very strong legal scholarship program dealing with disability law at the University of Pittsburgh law school.

So I rushed back from there so I could be on the floor with Senator SPECTER to talk about this a little bit because there is something very funny going on.

When I was in the airport, I saw Senator REID had said he was sending the bill down to CBO for scoring. I commend Senator REID for his leadership and for putting in a strong public option. I am told it is basically the public option the Senator from North Carolina worked so hard on in the committee to develop. I guess he married that up with the provisions from the

Finance Committee bill that would allow States to opt out by 2014. I commend Senator REID for putting that strong public option in the bill. The vast majority of the American people want that. They see it as necessary for trying to keep some control on cost and leaving more choice and more competition for policyholders.

As a matter of fact, this would be a great help to small businesses, because small businesses could go on the exchange, and they would have that public option also available to them. I have said many times: The two biggest winners I can see in the health reform bill are small businesses and the self-employed. Small businesses are at the end of the line. They have been whipsawed all over the place. They have no bargaining power. The same with the self-employed. This bill will turn the tables by providing the exchanges and providing more help for small businesses. They will be much better able to negotiate and to pick and choose among different policies rather than what they have now.

Now in many cases they get one or two, and that is about it in a lot of States, one or two different insurance companies. In the New York Times article, some suggest the insurance companies are raising their rates to generate as much revenue as possible before health reform obliges them to change the way they do business.

Isn't that interesting. They are anticipating health reform passing so they want to jack up their premiums as much as possible before that happens. Others assert the industry is responding to Wall Street's demands for ever higher profits in the health insurance industry, that Wall Street is putting pressure on them to increase profit margins.

Again, I always have to ask: Why are we doing health reform? Are we doing health reform to help the health insurance industry or are we doing health reform to help the American people? That had to be our first response, that we are here to help the American people, not to help the health insurance industry.

I have had many small businesses tell me how tough it has been. I have a small newspaper in Iowa with 12 employees. The owner Art Cullen recently turned 50. Their insurance premiums for his small business jumped by 58 percent in 1 year and more than 100 percent in 2 years. They have a \$5,000 deductible.

I asked Art: Why don't you get another company? He said: I can't. I only have one in this area that will offer insurance. So that is why we need the exchanges, why we need health reform, so that Art Cullen and his small business can join with other small businesses on these exchanges to get a better deal.

Mike Landeur owns a muffler shop. He has 10 employees. He offers insurance to them, but his premiums have jumped 66 percent in the last 3 years. His deductibles have gone from \$4,000

to \$16,000. Mike is expensive. He was born with a congenital heart disease, so he dropped himself from his company's policy. He is the owner, taking himself out of the pool. But he can't get any kind of individual insurance because of his preexisting condition. Now he is worried he will have to sell the small business, all because of excessive health insurance costs.

This is unconscionable. As we speak, the majority leader is sending his bill down to CBO. And make no mistake, the bill we are bringing to the floor will offer real solutions for small businesses. It will enable them to purchase insurance through an exchange so they can choose among multiple plans at lower costs than are now available in the small group market. Small businesses and the self-employed can go on the exchanges and, if they want, they also are eligible for the public option.

It will sharply reduce administrative overhead that drives up the cost of insurance through such practices and medical underwriting and preexisting condition exclusion clauses. We provide a new small business tax credit to make insurance more affordable for the most vulnerable small businesses. We make new investments in wellness and disease prevention for all businesses, including small businesses.

In addition, we will put a stop to the outrageous and unacceptable insurance industry practices that harm the ability of small employers to cover their workers. We will require that insurance companies document how much of each premium dollar is going for medical expenses. We will require that insurance companies document how much of each premium dollar goes for medical expenses, and we are going to require rebates for excessive overhead charges. We will end the broken status quo where insurance executives make tens of millions of dollars in salaries and bonuses while their small business customers go out of business because they can't afford health insurance. We will end the exceptional and unwarranted antitrust exemptions the industry has enjoyed without public benefit for far too long. We will end the ability of insurers to jack up premiums by as much as 160 percent, which is what they did for one small business, because they thought the group was "getting too old." Therefore, they jacked up their premiums by 160 percent.

I thank Senator SPECTER for having a keen eye and for giving me a heads up on this yesterday. There is something happening out there right now all over this country. Small businesses are being inundated with higher costs and huge increases in their insurance premiums. To America's small business community, we have a simple message: Help is on the way. We will get this health reform bill done, and we are going to help small businesses and the self-employed.

I hope they can hang on long enough so we can get this bill through, hopefully before the end of the year, so that

next year when their policies are up for renewal, we won't see these kinds of huge increases and gouging of small businesses.

We need reform. We always think about it in terms of individuals and how this affects individuals. But we also think about how it affects the majority of workers who work for small businesses who don't have the kind of large group power that maybe big businesses and bigger industries have. That is why this health reform bill is so important for everyone, but none more so than the small businesses and the self-employed.

I am hopeful, along with Senator SPECTER, that we can bring some more of this to light. I encourage anyone who has any evidence, stories, anything we can document of what the increases are to small businesses, please get them in to us. I have heard about enough of these to know it is not just a few here and there. It must be more widespread. We need those. Hopefully, we can shed more light on this as we move forward to bring the bill to the floor.

I thank my colleague for his leadership and for bringing this out. I look forward to working with him to try to help small businesses in Pennsylvania, Iowa, and everywhere else.

I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Before commenting further on the article in the New York Times, some of the things the distinguished chairman of the HELP Committee has said, it would be my hope that we would proceed, as Senator HARKIN related. I got hold of him yesterday morning after noting the Sunday Times, and then we proceeded to talk about a hearing which I hope we can do promptly. One of the witnesses whom I would like to see called, subject to the approval of the chairman, is Walter Rowen of the Susquehanna Glass Company in Columbia, PA who sought to renew his company's coverage for 2,000 employees and found out that the premiums had gone up by 160 percent. I talked to Mr. Rowen this afternoon and got more of the details of his situation.

As Senator HARKIN has commented, this is typical of a great many. Right in the middle of where we are now on this debate on the public option, I believe the case for the public option, a robust public option, would be strengthened materially to document what the New York Times has said. Right now it is a newspaper article. It is a little different when there is a Senate hearing on the subject and you bring in people such as Walter Rowen who have demand for a 160-percent increase, and you question the insurance companies on what they are doing. If the New York Times is accurate, that small businesses will be asked to pay about a 15-percent increase for the next year—and this is substantially higher, and in a moment or two I will go

through some of the specific quotations—and that they are responding to Wall Street because Wall Street is demanding more profits from their investors—that is specified in the article, and I will take it up in detail—and the comment is that the insurance companies are more frightened about Wall Street than they are about Congress. I suppose that was surprising to me that in the context of the times, the way Congress is moving ahead on comprehensive health care reform, insurance reform, that they at this point should be more concerned about Wall Street than Congress. I think Wall Street ought to be more concerned about Congress than insurance companies. I think Congress is finally going to act on quite a number of the abuses in so many lives. But if we are seeing here action by Wall Street pressuring the insurance companies to raise their profits before Congress acts, then we ought to find out. If there is any justification for insurance companies to raise their premiums, let's have them tell us. Let's bring in the insurance companies.

There are a lot of these famous pictures of a half a dozen corporate executives standing in front of a congressional hearing room, raising their right hands and swearing to tell the truth. And then we have some questions for them. I have questions for them. Why the increase? Is there an increase because health care costs have gone up?

One of the experts quoted in the New York Times article says 23 percent. Mr. Rowen faces 160 percent. Is there any justification except profiteering and acting ahead of congressional action?

I hope Senator HARKIN will have the hearing promptly. It will bolster the case for the public option. It will bolster the case to have alternatives to the private sector. What is often misunderstood is that the public option does not eliminate the private sector. The public option is what it says. It is an option, another course, another thing one can choose. It is precisely this kind of response to Wall Street—and I will not prejudge it until we hear the witnesses and have them sworn in and take their testimony—if it is true, that reemphasizes the need to have some competition, to have competition which will not knuckle to Wall Street. A public option will not knuckle to Wall Street. We have talked informally. It is not easy to get a hearing organized fast, but Senator HARKIN and I, as is well known, passed the gavel on the chairmanship of the Subcommittee on Labor, Health and Human Services, and Education. We can proceed. I submit that now is the time to do so.

Mr. HARKIN. Madam President, I thank the Senator again for bringing this to light and urging us. I think we do need information. We do need to bring them in and check on what is happening with small business. We need to bring in some small businesses, some representatives of small businesses. I think we need to bring in

some of those insurance people, find out what is going on here. How come premiums are going up so much this year? I think we were in a recession, were we not?

Mr. SPECTER. Madam President, I have seen Senator HARKIN cross-examine, and it is a sight to see.

Mr. HARKIN. Madam President, I am not in the former prosecutor's league in that regard, I can say that. But we are working on that. As the Senator knows, sometimes it is tough to get these hearings put together. But hopefully we will have something we can pull together by next week.

Mr. SPECTER. Madam President, I thank the chairman for that statement. Next week would be about right because it would come right as we are considering this legislation. I think it would shed a lot of light on the legislation and be a big boost for the public option.

I thank my colleague.

Mr. HARKIN. I thank my friend from Pennsylvania.

Mr. SPECTER. Madam President, I refer to some of the specifics in the New York Times article. Again, I cite this as a newspaper article. It is hearsay in an article, but we will have the hearings to find out the facts. But this is what some of the details in the article say: that small businesses "are seeing premiums go up an average of about 15 percent for the coming year—double the rate of last year's increase"; big employers "have more negotiating clout." "[S]ome experts say they think the insurance industry" is "under pressure from Wall Street" to raise its "premiums to get ahead of any legislative changes that might reduce their profits."

Well, if that is so, we ought to find out about it. And if they have a justification for the price increases, let them tell us what it is. Let them produce their books and records if they have a justifiable basis for their increase.

The New York Times article goes on to point out that "Edward Kaplan, a consultant with the Segal Company, said his clients were seeing renewals for coverage at prices 15 to 23 percent higher this year," where "they typically faced increases" in the past "of 7 to 12 percent."

Joshua Miley, a consultant with HighRoads, which analyzes benefit information for employers, said the "undercurrent of health reform is driving part of the renewal increases."

The article goes on to point out:

There is no question that insurers are under pressure from Wall Street . . . they have heard from angry investors disappointed by the companies' earnings.

The article further states:

While the industry is particularly vulnerable now in Washington, she said—

"She," meaning Sheryl Skolnick, an analyst for Pali Capital, referring to the insurance companies—

"it seems like they're more afraid of Wall Street."

The article goes on to point out that:

In August, when Walter Rowen, who owns Susquehanna Glass [Company] in Columbia, Pa., sought to renew his company's coverage for two dozen employees, he said his insurer demanded a 160 percent rate increase.

I called Mr. Rowen today and found out that he has had a family business since 1910, and they have had health insurance for about 20 years, and they cover 50 percent of the premiums for their employees. As prices have risen, they have sought deductibles to lower the rate, and then they paid the deductibles for their employees. It is cheaper to have deductibles, have the company pay them, than to pay the increase in costs. That is another factor which we ought to analyze. That ought not to be so.

His policy expired in October—this month—and he corroborated the New York Times story that he was told there would be 160 percent more. He has found other insurance, but he is paying \$22,000 annually. He hires invariably in the 28 to 32 category for small business, and between 20 and 24 of them are covered. Now he has been forced to go to the point where the employees are going to have to pay the deductible. If they do not have an illness, then there is no problem. If they do, then the deductible is obviously very, very expensive.

I join my colleague, the senior Senator from Iowa, in congratulating the—now he is the junior Senator from Iowa, pardon me, but close—he has been here since the election of 1984, a long time. I join Senator HARKIN in congratulating the majority leader for moving ahead with a public option in the legislation which he has melded together. I again thank Senator HARKIN for his initiative and willingness to move ahead and have a hearing.

Madam President, I have an excellent floor statement which I will not take the time to read, prepared by my expert in the field, John Myers, which I ask unanimous consent that the full text of the statement be printed in the CONGRESSIONAL RECORD, and I ask that the full explanation which I am giving now be included. Sometimes the written statement just follows the oral extemporaneous statement and people reading the CONGRESSIONAL RECORD wonder why the Senator has repeated himself. Well, let it be understood what I have said is an extemporaneous statement, and this is the text prepared by my able staff assistant, and would ask that these comments be the preface to be included in the RECORD in full.

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

Mr. SPECTER. Mr. President, yesterday the New York Times ran a front page article describing the difficulties faced by small businesses in the face of rising health costs [Small Business Faces Sharp Rise in Costs of Health Care; October 25, 2009]. Small business is the backbone of our economy and in today's economy we must ensure that

small business has every opportunity to succeed.

The article highlights the plight of Walter Rowen, a constituent of mine. Mr. Rowen is the owner of Susquehanna Glass in Columbia, Pennsylvania. In August, when he sought to renew his company's coverage for his two dozen employees, his insurer demanded a 160 percent rate increase. He was told his work force was "getting too old and very expensive". He also found that any other health plan was likely to charge 30 to 50 percent more than he paid last year. Left with few options, Walter chose a less generous plan from a different carrier for 44 percent more.

Unfortunately, Mr. Rowen's story is not unique. Steep rises in insurance premiums are affecting small businesses across the nation. Small businesses are seeing renewal prices 15–23 percent higher compared to last year, according to Edward Kaplan, a benefits consultant with the Segal Company. As increases from 2008 to 2009 were considerably lower at 7–12 percent, it is hard to believe that a doubling of the rate of renewal costs in 1 year could be linked to medical costs alone. In the article Joshua Miley, a consultant who analyzes benefit information for employers, states that the undercurrent of health reform is driving part of the renewal increases. The idea that health insurance companies would increase rates to beneficiaries based on pending health care reform is disturbing. Michael A. Turpin, a former senior executive for United Health, and now a top official at USI holdings, an insurance brokerage firm, echoes Mr. Wiley's hypothesis: insurance companies are "under so much pressure to post earnings, they're going to make hay while the sun is shining."

Clearly the primary concern of health insurers is not whether their customers receive the best possible health care for their money; it is how much money can be generated for the insurers' investors. This objectionable action illustrates why there is a need for a public option as part of health care reform. Currently, there is a lack of competition in the health insurance market. Instead of individuals or businesses having the freedom to shop for coverage that works for them, they have to take what insurance companies offer. This translates to higher prices, preexisting condition exclusions and denials when insurance is most needed. A public option can help by introducing competition across the country. This plan could constrain costs and make the insurers think twice about passing down double-digit rate increases to customers.

The American people deserve a choice in health insurance to keep the private insurers honest. Without competition from a public plan, health insurance costs have skyrocketed. As health reform moves forward, I encourage Majority Leader REID to include a public option to bring affordability and competition back to the market.

A recent survey conducted by Intuit Inc. revealed that 44 percent of small business owners intended to hire new employees in the next year, an encouraging indicator in our economic recovery. This survey also noted that nearly 90 percent of those small business owners surveyed said that health insurance benefits are integral to attracting good workers. However, 58 percent of those small employers do not offer health insurance, with nearly 50 percent stating that they can't afford it. This is a sobering statistic and one we should do everything in our power to address.

I commend the efforts of Chairmen HARKIN and BAUCUS to combat this issue. Proposed health reform legislation will include a tax credit for small businesses that provide health insurance to their employees. The HELP Committee bill provides a tax credit for small businesses of up to \$2,000 for a family or \$1,000 for an individual. The legislation will allow small businesses to join health insurance exchanges so that they can group together and gain the same market power as larger companies currently enjoy. Currently, perhaps most importantly, small businesses pay up to 18 percent more than large employers. These exchanges will help relieve the problem of small risk pools, which due to their size can see their costs grow significantly if one employee suffers an illness such as cancer. By increasing the size of these risk pools, costs will become more predictable and more affordable for small businesses. Proposed legislation will also tighten insurance ratings to prevent costs from being disproportionately placed on older workers. This is of particular importance for small businesses that might employ older individuals, an important part of our Nation's workforce.

There is an undeniable need to address the health care problems we suffer from today. The inequities of the current system must be fixed, especially for the 70 million people that are employed by or operate a small business. The decisions of health insurers to drastically increase health insurance prices before health reform is enacted demonstrates the need to promptly move forward with legislation that includes a public option.

Mr. SPECTER. Madam President, I thank the Chair.

#### TRIBUTE TO ROZITA VILLANUEVA LEE

Mr. REID. Madam President, I rise today to honor Rozita Villanueva Lee for her many years of advocacy on behalf of the Nevada Asian American/Pacific Islander community. Asians and Pacific Islanders refer to her as the mother of their communities in southern Nevada. Lee started as a former special assistant to former Governors George Arioshi of Hawaii and Robert Miller of Nevada. She then began advocating for Nevada's Asian and Pacific Islanders. Her Hawaii Polynesian connection led to her being the producer of