The inefficiency created in the misaligned incentives of Medicare and Medicaid is frequently cited as one of the areas in health care in the greatest need of improvement, not only for the quality of health care but also maybe a better caretaker of the taxpayers' money.

ObamaCare created an office in CMS charged with creating demonstration projects to allow for greater coordination of dual eligibles. Those demonstration projects have been moving forward at breakneck pace, with nearly half of the States looking to participate. Essentially, all demonstrations under ObamaCare seek to give States greater control of the acute care of the dual eligibles—in other words, of this group here. CMS has the incredibly broad legal authority under ObamaCare to take these demonstrations nationally if they are successful.

No one argues that the way Medicare and Medicaid coordinate the dual eligibles works very well. The coordination today is akin to asking me and somebody else to compose a letter with the other person writing the consonants and my writing the vowels. Giving the States greater control over duals may be a good answer. Some States might do a good job.

But when we consider the fiscal challenges faced by the States, this should be a decision considered by Congress examining all possible alternatives and in consultation with States rather than something occurring through this regulatory action that we are seeing under ObamaCare and what CMS is doing with those demonstration projects.

Furthermore, moving more responsibility to the States may miss a real opportunity to address an even larger cost problem. While some dual eligibles are expensive and need extensive long-term support and services, there are dual eligibles who, in fact, are relatively low cost. More importantly, though, is that not all the expensive Medicare beneficiaries are dually eligible.

Take a look at this chart. In this chart we see the most expensive individuals in the Medicare Program.

These are beneficiaries who have multiple, chronic conditions and functional impairments. Fifty-seven percent of them are eligible for Medicare only, and 43 percent of them are dually eligible for Medicare and Medicaid.

We have numerous studies showing that the care for high-cost, Medicare-only beneficiaries is just as complex, and the quality of care calls for as much attention as that of the dual-eligibles.

So, then, legitimately ask the question of, Why are we splitting these two groups? These are two groups of similarly situated individuals. They all have need for improved care. They all have multiple conditions that are very expensive. Why do we tell some people: You get Medicare solely because you have income—income that doesn't qualify for Medicaid—and then we tell some people: You should get Medicaid solely because you don't have enough income. Why is it a good idea to give States control of poor beneficiaries? Why should low-income beneficiaries get one of 50 different models to coordinate their care and people with higher incomes get Medicare only? Why is CMS pushing States to take a greater role with a complex, expensive population when they are also being asked to find the resources to cover poor individuals in Medicaid and develop exchanges to cover people in the private market?

Congress should consider what States should do in health care and what are reasonable expectations in those States. Congress should involve States in this conversation. If Congress wants States to administer benefits for the aged, the blind, the disabled, and low-income individuals, along with managing the exchanges for individuals with incomes over or up to 400 percent of poverty, Congress can do so.

If health care is the primary responsibility of States, it is because of decisions made by this Congress. States are being asked to do so much in health care while also overseeing education, public safety, roads, bridges, and meet, in most cases, a balanced budget requirement.

So I think Congress needs to step back and ask where the States are best able to focus on health care. We should ask States.

When we look at the long-term spending growth of our health care entitlement, we should use this as an opportunity to reconsider the role of the States in providing health care coverage. What we ask of the States should be thoughtfully considered in any discussion.

I know there are people telling us we shouldn't talk about health care entitlements now. President Obama hasn't come to the table yet on this issue. We don't have a choice. All you have to do is look at the numbers I have given you. Look at the spending. We only make the problem worse by putting it off.

We can save Federal dollars by extracting more from beneficiaries, providers, and States, but that is not going to do the same thing we need to do when we talk about health care changes. It is the very same thing we went through when Obamacare was being considered by a bipartisan group.

We need to do things to change the long-term growth curve of Medicare and Medicaid costs generally. That needs to be done right now. We need to talk about solutions to actually lower the growth curve and do it sooner than later.

We are $16 trillion in debt. One of every $4 we will spend in this next decade will be on Medicare and Medicaid. When you get further down the road than 10 years, it is going to grow even more dramatically. We will see health care entitlements double as a percentage of GDP in the next 25 years. I said the trustees look ahead 75 years, and it is even a bigger problem 75 years out.

If we want Medicare and Medicaid to not only survive—and I do—but also to thrive for the next generation, we need to be willing to ask fundamental questions and seek solutions that can affect the growth curve. I sincerely hope we are able to look for solutions that can make a real difference.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. MERKLEY). Without objection, it is so ordered.

THE FISCAL CLIFF

Mr. CARDIN. Mr. President, I take this time to share the views of many people who I have talked to in Maryland, and I am sure the same has been said in Oregon and around the Nation. People are frustrated by the inability of Congress to come together on solving the so-called fiscal cliff. We understand this needs to be avoided. Going off the fiscal cliff could cause major damage to our economy.

If we take no action by January 1, as I am sure most people are now aware, tax rates will revert back to the pre-Bush tax rates. The alternative minimum tax that shields tens of millions of Americans from paying extra income taxes will expire and tens of millions of Americans will be subject to extra taxes. The unemployment insurance program, the extended benefit program, will come to a halt. The payroll tax holiday will end, and individuals' take-home pay will be reduced. We would have a serious problem on Medicare reimbursement to our physicians. They would be subjected to a significant cut, close to 30 percent, which would have an impact on seniors and our disabled population having access to physician care, and we would go through what is known as sequestration, which is across-the-board cuts to almost all Federal programs, ranging from 8 percent to about 10 percent. That would have a major impact on our entire country. We have looked at the numbers in Maryland, and it could mean as many as 60,000 jobs lost in our own State of Maryland. We have a large Federal workforce, with 5.6 percent of our workers working for the Federal Government. That type of across-the-board cut would have an incredibly negative impact on the people of Maryland and throughout the entire country.

We have to avoid that. The impact on our economy is estimated to be about 3 percent. We would go from a positive growth to a negative growth, throwing us into a recession. I understand the

frustration of why so close to the end of the year we haven't resolved these issues. We should have resolved them. We should come together, work together to get it done. But I want to point out to the people I represent in Maryland and to the people of this Nation that we have to get this done right. There is a lot at stake.

We have to make sure our country can grow, that we can create the jobs we need to be competitive in the future. We must make sure we deal with this budget crisis in a way that allows us to invest in education, in job training and in rebuilding our highways, our bridges, and our energy grids. We have to make sure we can compete as a nation. That is why so many of us have said we have to have a balanced approach to dealing with the fiscal cliff.

This morning, I listened to Speaker BOEHNER say the ball is in the President's court. I couldn't disagree more with the Speaker of the House. I think it is important to point out that since we have been working on trying to deal with this deficit issue, we have already agreed to over $1 trillion in spending cuts—in discretionary domestic spending—in some of the most challenging areas that affect our most vulnerable people. We have implemented that, and this is since the recommendations of the Simpson-Bowles Commission came out. We took action and we imposed caps on discretionary domestic spending.

Our Federal workforce has been through years, a couple years of pay freezes. We have seen programs that have been cut back and the support they give to people who need help. We have already contributed on the spending side. Is it enough? No. Do we need to do more? Absolutely. But we have done that.

The next piece that must be done is the revenue piece. We can't have a balanced approach unless we have the revenues. So many of my colleagues have talked about this. Historically, our revenues are around 20 percent of our economy. They are now in the 15-percent range.

We have a way to do this. The Senate has come together on a way to do this. The Senate passed legislation that has been in the House of Representatives where Speaker BOEHNER is the Speaker of the House. It has been in the House now for months. What that legislation does, first, it gives predictability to the taxpayers of this country. It says the first $250,000 of taxable income will be subject to the current tax rates and will not go back to the pre-Bush tax rates. That gives certainty to the taxpayers in this country.

I have heard people say: That affects 98 percent of the taxpayers in this country. You know what. It affects 100 percent of the taxpayers of this country. I wish to stress that. If we pass the bill that was sent by the Senate to the House that continues in January the current tax rates for those with taxable incomes up to $250,000; yes, for the typical taxpayer in Baltimore City earning $20,000 to $30,000 of income, they will save $1,400 in taxes; and, yes, for a taxpayer earning $40,000 to $65,000 of taxable income, they will save $2,000. But guess what. A person with $250,000 of taxable income will save about $7,000; and if they earn $500,000 in taxable income, they will save that same $7,000. If they earn $1 million of taxable income, they will get that tax break also. It affects 100 percent of the taxpayers of this country.

What we are saying is we have to have some revenue in this equation. We understand that. Those who are the most well off, do they truly deserve larger tax breaks than that? I would suggest not.

It is not just the tax rates we sent over to the House of Representatives, we also corrected the marriage penalty so that wouldn't change on January 1, the child tax credit, and the AMT—the alternative minimum tax I mentioned earlier. As to the alternative minimum tax, if we don't correct that, tens of millions of Americans will pay extra taxes in the thousands of dollars starting January 1.

I have heard many debates on the floor of the Senate and in the House where no one wants that to happen. Then pass the bill we sent over from the Senate. If we do that, taxpayers don't have to worry about those rates going up and it gives them a little bit of confidence, hopefully, before Christmas, which would make the season a happier season for all.

This is a balanced approach. As I said before, we started with spending cuts. We have done that. The next step, Speaker BOEHNER has to deal with the revenue side. If the House passes the Senate bill, it provides about $850 billion in revenue from not extending additional tax relief for those whose incomes are above $250,000. I mentioned we already did over $1 trillion of discretionary domestic spending cuts, which would give us $850 billion of revenue, and that is not enough. We are going to need more revenue. It is not going to be easy to find. But by closing loopholes, we can get some additional revenues. We have all talked about tax reform. We can get some additional revenue from tax reform.

That brings us to additional savings, and we agree we can get additional savings. I have taken to the floor and talked about the fact that we are bringing our troops home from Afghanistan. I applaud the efforts of the chair to try to get those troops home sooner, and I agree with him. But our troops are coming home and our baseline budget reflects a much higher Active troop level than we need. It is called the overseas contingency accounts. We know there are savings there that can be achieved and we can use in that balanced approach to bring our budget under better control.

Just as we have gone through base realignment and closures in the United States, we believe we can do that throughout the world and that can also save us some money in the military budget. So there are military savings that can be achieved.

Yes, we can and must achieve savings on the entitlement side. I was listening to my friend from Iowa talking about the cost of health care. I agree with him. Health care costs have gone up too dramatically in this country. We have to bring down the cost of health care. We started doing that with the Affordable Care Act by investing in prevention—preventing readmissions to hospitals and dealing with high-cost interventions. That will help us bring down the cost of health care. We have to do more in that regard. If we bring down the cost of health care, we save money in Medicare and Medicaid, and we save taxpayer costs, but we also help our economy. What a lot of us are concerned about is just trying to shift the cost to beneficiaries. That doesn't help our economy and that doesn't help solve the problem.

I take the floor now just to challenge Speaker BOEHNER and say to him it is time to act on the bill we sent over months ago. Let us take the next step and let us work together and develop a framework so our committees can work and achieve policy changes that can bring in the additional revenues we are going to need and the additional savings we know we can achieve. We can do that working together.

I started by saying there are many people in our communities who are frustrated we haven't gotten this done by now. I share that frustration. We should have gotten this done a long time ago. I agree with them. But let's now move this week with the House passing the Senate bill we sent them providing predictability for the taxpayers of this country going into this holiday season. Let's reassure them that next year their rates will not be increased, particularly in this fragile economy. Let's set up a framework where we can responsibly work to reduce health care costs—in greater amounts, I agree—reduce some military spending, and do what is right in a real balanced approach to get our budget in better balance so our economy will grow and create the jobs we need.

It is most important for us to have a climate where we can create more jobs and the type of jobs we want—invest in education, construction, et cetera. That is what we need to do. That is where we need to come together as Democrats and Republicans to get the job done. I urge my colleagues, let's work and get this done as soon as possible.

EXTENSION OF MORNING BUSINESS

Mr. CARDIN. Mr. President, I ask unanimous consent that morning business be extended until 4 p.m., with all other provisions of the previous order remaining in effect.