



HOW MUCH WILL IT COST?

Despite Their Claims, Democrats' Government-Run Health Care Scheme Will Still Cost Over \$1 Trillion

NO GETTING AROUND IT: GOVERNMENT-RUN HEALTH CARE WILL STILL COST \$1 TRILLION+

Democrats Claim Their Bill Will Cost Much Less Than Previously Estimated. “The Congressional Budget Office has carefully reviewed our complete bill, and we are pleased to report that the CBO has scored it at \$611.4 billion over 10 years, with the new coverage provisions scored at \$597—a significant reduction from previous estimates.” (Sen. Edward Kennedy, [Letter to Senate HELP Committee Members](#), 6/30/09)

But CBO Says This Is Not “Complete Cost Estimate.” “The figures presented in this analysis do not represent a formal or complete cost estimate for the draft legislation. This estimate reflects the major provisions of the legislation but CBO has not yet completed an analysis of all of its effects. Specifically, the agency has not yet estimated the administrative costs to the federal government of implementing the specified policies or the costs of establishing and operating the new insurance exchanges, nor has it taken into account all of the proposals likely effects on spending for other federal programs or their potential effects on revenues from corporate taxes.” (Sen. Edward Kennedy, [Letter to Senate HELP Committee Members](#), 6/30/09)

- **Other Provisions Will Be Added.** “The draft legislation does not include a significant expansion of the Medicaid program or other options for subsidizing coverage for those with income below 150 percent of the federal poverty level (FPL); such provisions may be incorporated at a later date. By CBO’s estimate, about three-quarters of the people who would remain uninsured under this version of the legislation would have income below 150 percent of the FPL.” (Sen. Edward Kennedy, [Letter to Senate HELP Committee Members](#), 6/30/09)

Bill’s Authors Admit More Costs To Come. As its authors acknowledged today in a conference call with reporters, it’s designed to be merged with legislation being crafted by the Senate Finance Committee – which has a considerably more conservative make-up, and is dealing with elements that could add to the price tag.” (Z. Byron Wolf and Rick Klein, “Health Care Reform: Now Half The Price?,” [ABC News’s “The Note” Blog](#), 7/2/09)

New Republic’s Jonathan Cohn Reports New Bill Will Still “Require Outlays Of Around \$1 To \$1.3 Trillion” And Leave Millions Uninsured. “Here’s the story. By rule, the HELP bill deals only with areas of legislation over which HELP has jurisdiction. CBO looked at this and decided that the package, by itself, would reduce the number of people without insurance by around 20 million people in 2019, leaving another 34 million uninsured. It would also result in a net outflow of funds—that is a higher deficit—of \$600 billion. ...But health care reform necessarily involves a few more pieces—pieces outside of HELP’s jurisdiction. In particular, there’s going to be a substantial expansion of Medicaid, which will cost money. There will also be reforms to Medicare and Medicaid that save money. And that’s in addition to whatever new revenue reform claims, whether in the form of cap on the employer tax exclusion, President Obama’s proposal for itemized deductions, or some other resources. ... So what’s the real bottom line? Covering 95 percent of residents—and 97 percent of legal residents—through a program that will require outlays of around \$1 to \$1.3 trillion but should, if fully offset, not inflate the deficit by a dime.” (Jonathan Cohn, “Here We Go Again: How to Read Those HELP Numbers,” [The New Republic’s “The Treatment” Blog](#), 7/1/09)

Public Policy Experts Say There Are Too Many Unknowns. “The fate of White House and congressional efforts to overhaul the nation’s health care system is likely to depend on the price tag, but there’s no precise, reliable way to estimate the cost. ‘This is very difficult to quantify,’ said Amitabh Chandra, a professor of public policy at Harvard University and a health care expert, speaking about proposed health care changes. Such ‘structural shifts are incredibly hard to predict,’ added Gus Faucher, the director of macroeconomics at Moody’s Economy.com.” (David Lightman, “Health-Reform Cost Estimates Likely To Be Unreliable, Experts Warn,” [The Miami Herald](#), 7/2/09)

DEMS STILL FIGHTING OVER HOW TO PAY FOR IT

OBAMA VS. CONGRESSIONAL DEMS: Limiting Income Tax Deductions. “Limit income-tax deductions for high earners... Democratic leaders immediately objected that that would hurt charities, universities and other entities dependent on tax-deductible donations, as well as taxpayers in high-tax cities and states, including New York City and other places home to Democratic leaders... Any compromises would raise less revenue than Mr. Obama proposed.” (Jackie Calmes, “Obama and Congress Clash on How to Pay for Health Care,” *The New York Times*, 6/26/09)

SENATE DEMS VS. HOUSE DEMS: Taxing Health Care Benefits. “Tax employee health benefits. While House Democrats are opposed, the support of influential senators for taxing some benefits and the huge sums to be raised ensures that this option will be part of the debate. And Mr. Obama does not rule it out, though he opposed such a tax as a presidential candidate and promised that only the top 5 percent of Americans would see an income tax increase under his administration... Most economists favor ending the tax break... But its supporters include unions, which are a force in the Democratic Party...” (Jackie Calmes, “Obama and Congress Clash on How to Pay for Health Care,” *The New York Times*, 6/26/09)