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NEW CBO ANALYSIS:

HEALTH LEGISLATION INCREASES DEFICITS

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Contrary to recent claims, the Democratic health care overhaul will *increase* Federal deficits by at least $59 billion, and more likely $260 billion, over the next 10 years.

New analysis from the Congressional Budget Office [CBO] provided at the request of House Budget Ranking Republican Paul Ryan, indicates that including the "doc fix" in the Majority's health care overhaul adds $208 billion to the cost of the bill, increasing the deficit by $59 billion over the next 10 years.

In response to a question regarding passage of the doc fix, Speaker Pelosi said "it's not in this bill but we'll have it soon. We've made a commitment to do this."

CBO also estimates the effect on the deficit if a number of other unrealistic policy changes, in addition to the 21 percent cut to physicians, made by the Majority are never implemented.

- *Assumes the Cadillac tax is never implemented*. Continuing to delay the start of their proposal to tax individuals' higher-premium health insurance plans. Throughout the legislative process, the Cadillac tax has been delayed twice – first during floor debate and then as proposed by the President. Under the reconciliation bill, this new tax is not implemented until 2018.

- *Assumes the artificial slowing of the growth in subsidies does not occur*. The bill currently removes the annual indexing of the subsidies. Throughout this process, the bill has been modified to increase subsidies in the near term, but reduce their growth in the out years.

- *Assumes unrealistic cuts made by a Medicare commission*. The Independent Payment Advisory Board is tasked with unrealistic Medicare cuts that history tells us will never be implemented (e.g. doc fix).

Removing these assumptions reveals a stark reality. If these assumed savings are never realized – as is the likely scenario – CBO projects that rather than reducing the deficit in the years beyond 2019, the deficit would increase over the decade following 2019 "*in a broad range around one-quarter percent of GDP*." Using the Majority's own methodology, this amounts to a second-decade deficit of $600 billion.

Additionally, CBO makes clear that the Medicare savings cannot be counted twice – both to shore up solvency of the Medicare program, as is the Majority's claim – and to pay for a brand new entitlement as the legislation assumes. CBO states in the letter:

> "*In effect, the majority of the HI trust fund savings under H.R. 3590 and the reconciliation proposal would be used to pay for other spending and therefore would not enhance the ability of the government to pay for future Medicare benefits.*"

If the Medicare cuts are directed to the Medicare program, as the Majority claims, the bill would increase the deficit by an additional $260 billion over 10 years and would increase deficits in the long term. Ignoring this additional cost does not remove it from the backs of taxpayers. *Hiding spending doesn't reduce spending.*