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Health Insurance Reform

DAILY MYTHBUSTER: Impact on Deficit

Some health insurance reform opponents are arguing that we can't afford health insurance reform under [America's Affordable Health Choices Act](#)—in the face of a growing deficit. To the contrary, the single most important thing we can do to improve the long-term fiscal health of our nation is slow the growth rate in health care costs. As President Obama's budget director Peter Orszag has said: "[The path of fiscal responsibility must run directly through health care.](#)"

While putting in place the economic policies of President George W. Bush that led to record deficits without strengthening the foundation for the American economy, Congressional Republicans suddenly appear concerned about the deficit. They don't have a health care reform bill.

Myth: *The House bill will increase the deficit and we can't afford it right now.*

Fact: **Health reform will not increase the deficit. On July 17, the Congressional Budget Office (CBO) confirmed that the House bill will be fully paid for.** CBO estimated that the cost of the bill's reforms was \$1.042 trillion over 10 years, while the bill's cost savings and revenues totaled \$1.048 trillion. Since then, amendments to the bill have trimmed the cost even more.

The reforms will be fully paid for through a combination of almost \$500 billion in net Medicare and Medicaid reforms, cutting wasteful spending that diverts care from seniors and excessive profits that private insurance companies are making at the expense of most Medicare recipients—and over \$500 billion in revenue raised through a tax surcharge on the wealthiest 1.2%. These reforms will provide affordable coverage to 97% of Americans – while half of the remaining 3 percent without insurance will have access to Medicaid coverage. They will also reform our private insurance system to lower costs for all Americans and improve their coverage. [\[Find More Facts Here\]](#)

The cost of reform does not include funding the Sustainable Growth Rate fix for Medicare doctors' reimbursement rates. That policy was entered into by a previous Congress, controlled by Republicans, in 1997—so it's not new ongoing spending subject to pay-as-you-go rules, like the health insurance reform effort is. For eight years, the Republican-controlled Congress did nothing to provide a funding source for these payments—so it's another budget headache the GOP left behind.

But most importantly, we cannot reduce the deficit without getting health care costs under control. The House bill will lower health care costs over the long-term, and according to a Council of Economic Advisors report, if we direct those savings to deficit reduction, we see big payoffs:

“The size of our economy, our GDP, could be more than 2 percent higher in 2020 than it would have been without reform and almost 8 percent higher in 2030. The real income of the typical family of four could be \$2,600 higher in 2020 than it otherwise would have been and \$10,000

higher in 2030. And, the government budget deficit could be reduced by 3 percent of GDP relative to the no-reform baseline in 2030.” [\[Find More Facts Here\]](#)

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