



November 16, 2009 - Topic: Health Care Reform

Report: Health Care Costs Would Rise Under House Reform Bill

A new **CMS analysis** released on Friday predicts that the House's health care reform bill (**HR 3962**) would create a \$289 billion increase in health care spending by 2019, *The Hill* reports (Hooper, *The Hill*, 11/14).

However, the report also noted that increased government spending would help create a projected \$200 billion decrease in out-of-pocket health care expenses. It also found that under the bill, national spending on health care would grow by a little more than 1% over the next decade (Montgomery, *Washington Post*, 11/15).

Unlike previous scores by the Congressional Budget Office and the Joint Committee on Taxation, CMS' nonpartisan analysis did not consider the bill's tax provisions, which would help offset costs.

The 31-page report says that Medicare would be cut by "more than one-half trillion dollars (\$571 billion), ... possibly jeopardizing access to care for beneficiaries." Those cuts could mean that small employers would be "inclined to terminate their existing coverage" (*The Hill*, 11/14).

But the report also notes that the Medicare savings could help keep the program solvent for five additional years, meaning that it would not need additional cash infusions until 2022.

More than 30 million people would gain insurance coverage under the legislation and roughly three-fifths of the newly insured would be enrolled in an expanded Medicaid program, according to the report. However, the nation's health providers could face difficulties accommodating so many newly insured patients.

The report says that some physicians, faced with growing demand for services, might charge higher fees or show preference to patients with better-paying insurance, thereby "exacerbating access problems" for Medicaid beneficiaries (*Washington Post*, 11/15).

GOP Uses Report To Slam Bill

Republicans requested the analysis from CMS Chief Actuary Richard Foster and hoped to receive the score before the House voted on the bill. According to *The Hill*, Republicans predicted that, had the report been ready prior to the vote, the legislation would not have been approved.

Republicans seized on CMS' findings to attack the recently approved House legislation.

The report should be a "stark warning to every Republican, Democrat and independent worried about the future of this nation," according to House Ways and Means Committee ranking member Dave Camp (R-Mich.).

The report demonstrates that the bill "does the opposite of everything [Democrats] have been wanting to do Camp said, adding, "[T]his is not health care reform, this is entitlement expansion" (*The Hill*, 11/14).

House Minority Leader John Boehner (R-Ohio) said in a statement, "This report once again discredits Democrats' assertions that their \$1.3 trillion government takeover of health care will lower costs, and it confirms that this bill violates President Obama's promise to 'bend the cost curve.' It's now beyond dispute that their bill will raise costs, which is exactly what the American people don't want."

In the GOP's weekly radio and Internet address, Rep. Mark Kirk (R-Ill.) said that the House missed an opportunity to lower health costs by rejecting Republican health reform proposals. Kirk called the House bill "a new massive spending program, supported by heavy taxes and cuts to senior health care." He added that the bill "has no significant lawsuit reforms and does not guarantee your medical rights from government waiting lines or restrictions" (*AP/Washington Times*, 11/14).

Democrats Defend Bill

Democrats used the CMS report to garner support for the House bill.

According to Brendan Daly, a spokesperson for House Speaker Nancy Pelosi (D-Calif.), the report "shows that our health reform bill will extend the life of the Medicare trust fund by five years, significantly longer than any proposal in recent years." CMS also "[e]stimates that our bill will cover 10% more of the population with less than a 1.3% increase in national health expenditures that illustrates a bending of the cost curve," he added (Espo, *AP/Philadelphia Inquirer*, 11/15).

House Bill Contains Infusion for State Medicaid Programs

The House bill contains \$23.5 billion in new short-term aid to help states struggling with high unemployment rates cover the cost of their Medicaid programs, the *Washington Post* reports.

February's stimulus package contained \$787 billion for state Medicaid funding, money that will run out in 2010.

The new allocation would enable the federal government to continue to fund 66% of Medicaid costs -- up from 57% prior to passage of the stimulus package -- for an additional six months. The provision, which would run through June 2011, would extend a 6.2% increase in federal Medicaid matching money and percentage-point benefits that most states are now able to receive because of high unemployment rates.

Though House Republicans criticized several aspects of the House bill's costs, few directly attacked the \$23.5 billion allocation. A single Republican, Rep. Don Young (Alaska), issued a statement before the vote on the bill condemning the spending.

According to two House Democrats, without the funding, states would have to severely cut the Medicaid benefits they offer, which could include laying off thousands of public employees.

The funds also partially offset other provisions requiring states to begin paying a small portion of the costs of new Medicaid enrollees in 2015, a year sooner than in previous versions of the House bill (Davis, *Washington Post*, 11/16).