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Nov. 19, 2009

Driving the Conversation:

Arena Ref: Fred Barbash

The Health Care Arena

The Reid Bill: "holy war?"

Nov. 19, 2009

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Michael F. Cannon

Cato, Dir. of Health Policy Studies :

Senate Majority Leader Harry Reid (D-NV) has finally unveiled his massive **2,074-page health care bill**. The Congressional Budget Office **reports** that the insurance-expansion provisions would cost the feds \$848 billion over 10 years. To raise those funds, the bill would **tax** wages, medical devices, prescription drugs, sick people, health insurance premiums (twice), HSAs, FSAs, HRAs, and -- why not? -- cosmetic surgery. The remainder would supposedly come from \$491 billion of Medicare cuts, even though Medicare's chief actuary **says** such cuts are "unrealistic" and "doubtful." But don't worry. Somehow, this thing's gonna reduce the deficit.

Of course, that \$848 billion only accounts for *part* of the *federal government's* share of the tab. There is other new federal spending. My read is that the CBO estimates \$998 billion of total new federal spending -- though I'll be waiting for former CBO director **Donald Marron** to provide a more authoritative tally.

And then there are costs that Reid and his comrades have pushed off the federal budget. For example, the \$25 billion unfunded mandate that Reid would impose on states. Total so far: just over \$1 trillion.

But the biggest hidden cost is that of the private-sector mandates. In both the **Clinton health plan** and the **Massachusetts health plan**, the private-sector mandates -- the legal requirements **that individuals and employers purchase health insurance** -- accounted for 60 percent of total costs. That suggests that if the Reid bill's cost to federal and state governments is \$1 trillion, then the total cost is probably \$2.5 trillion, and Harry Reid -- like House Speaker Nancy Pelosi -- is hiding \$1.5 trillion of the cost of his bill.

Without a cost estimate of the private-sector mandates, Reid has not yet satisfied the request made by **eight Democratic senators** for a "complete CBO score" of the bill 72 hours prior to floor consideration.

Fortunately, eventually, by law, the CBO must score the private-sector mandates. When that happens, the CBO will reveal costs that the bills' authors are trying to hide. When that happens, the CBO will present the new federal spending on page 1, new state spending maybe on page 10, and the cost of the private-sector mandates on page 20 or something. Democrats will tout the figure on page 1. But the bill's total cost will be the sum of those three figures -- a sum that will reveal the costs that the bill's authors have been hiding.

The House passed its bill without a complete CBO score. The Senate should not follow suit.

I've written previously about this massive fraud **here**, **here**, **here**, and **here**.
(Cross-posted at **Cato@Liberty**.)

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