

Michael Cannon

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Do the Math -- Obamacare Would Increase Deficits by \$59 Billion

The CBO's scoring rules don't paint the full picture of what the health care plan before Congress would really wind up costing Americans. The truth is, Obama plan would vastly increase the size and scope of the federal government, and increase our already record federal deficit.

Democrats have so thoroughly gamed the budget process and the Congressional Budget Office's scoring rules that the official cost estimates of the Obama health plan reveal but a sliver of the legislation's full cost. The Obama plan would vastly increase the size and scope of the federal government, and increase our already record federal deficit.

To hear Democrats tell it, the CBO projects the legislation would cost a mere \$940 billion over the next 10 years. The CBO said no such thing: that figure pertains only to provisions aimed at expanding health insurance. Other spending provisions bring the cost to \$1.2 trillion.

Then there's the additional \$208 billion that Democrats plan to spend on physicians who participate in Medicare. Democrats moved that into a separate bill to reduce the apparent cost of the main health care bill. Including that spending in the estimate completely wipes out the Obama plan's professed \$138 billion of deficit reduction. After correcting for that gimmick (and accounting for how the two measures would interact), the CBO estimates really indicate that the Obama plan would increase federal deficits by \$59 billion over the next 10 years.

Even worse, Democrats hid another \$1.5 trillion by preventing the CBO from scoring the legislation's hidden taxes. At present, when Congress takes money from workers and gives it to private insurers, the CBO counts that as a tax. The Obama plan's "individual mandate" would force workers to give money directly to private insurers, which the president's economic advisers admit is also a tax. If history is any guide, those hidden taxes would cost roughly \$1.5 trillion – but you won't find any such estimate in the CBO's score.

If you've been keeping count, we've revealed the actual cost of the bill is nearly \$3 trillion. But to believe this legislation would cost "only" \$3 trillion, we would have to assume that after President Obama signs it into law, it would be rushed to the National Archives and entombed within an impenetrable vault where it would never again be touched by God or man.

Yet this legislation would set in motion political forces that would make additional spending inevitable. It would create new constituencies for government spending, hook existing constituencies on even more government spending, and promise implausible cuts in existing subsidies to constituencies that are highly organized and vocal.

For example, the Obama plan assumes that Congress will cut future subsidies to private insurers, hospitals,

doctors, home health agencies, and others who provide health care to the elderly. Yet those constituencies form a nearly unstoppable political force; Obama adviser Tom Daschle calls it the "patient-provider pincer movement." They will come back to Congress, year after year, until Congress reinstates their subsidies.

The \$208 billion increase in Medicare physician payments is evidence that the patient-provider pincer movement nearly always prevails. In 1997, Congress promised annual cuts in physician payments, but has cancelled those cuts every year since. That \$208 billion in new deficit spending is just Congress admitting that those cuts will never take place.

The legislation would also create gross inequities that Congress would inevitably resolve by increasing spending. Under the Obama plan, even though Smith and Jones have the same income and household size, Smith could receive thousands of dollars in health-insurance subsidies just because of where he works, while Jones would receive nothing.

It won't be long until the Joneses lobby their members of Congress to correct that inequity. Congress will find it much easier to give the same subsidy to Jones (rather than reduce Smith's subsidy), if only because health care providers will be lobbying for that "solution," too.

When Congress inevitably fails to implement the Obama plan's spending cuts, and expands its subsidies to more and more people, the cost of this legislation will grow beyond \$3 trillion.

The CBO did an admirable job of projecting the cost of this legislation as written. But the text of the legislation does not reflect the reality it would create.

Most Democrats know that even though the projected cost is \$1.2 trillion, they are setting in motion political forces that will guarantee even more government spending. The question is, do enough Democrats know it?

Michael F. Cannon is director of health policy studies at the Cato Institute and co-author of "Healthy Competition: What's Holding Back Health Care and How to Free It."

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