



## Baucus healthcare bill true cost: \$2 trillion

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Finance Chairman Max Baucus - AP Photo/Evan Vucci

The Congressional Budget Office published its preliminary estimate Wednesday of the health overhaul bill crafted in secret by Montana Senator Max Baucus's Finance Committee. According to CBO, the Bill's \$829 billion ten year cost would be offset by \$910 billion in "savings," resulting in a net \$81 billion reduction in the federal budget deficit by

2019.

Right. Take a deep breath.

Included in the "savings" estimates are about **\$507 billion, that is one-half a trillion dollars** in new taxes and penalties and \$404 billion in cost reductions. Most of the cost reductions would come on the backs of service providers, meaning service cuts to Medicare recipients, and a preliminary reading suggests a majority of the new taxes would come from higher income clients who pay for their service already. It includes a **40 percent excise tax** on the more generous health-insurance plans, but due to inflation, over time this tax would cover lower cost plans as well.

It gets better.

The operating assumptions underlying cost estimates are usually heroically optimistic and peppered with backside-covering caveats. The assumptions used are also the place to spot future problems. Taken directly from the CBO report, the following should give any reasonable person pause:

*These projections assume the proposals are enacted and remain unchanged throughout the next two decades, which is often not the case for major legislation." (Emphasis mine.)*

That is an understatement. When legislation

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like this passes it is almost always bare bones, a camel's nose under the tent. Once they have managed to sign the bill into law, legislators come out of the woodwork turning it into a Christmas tree for new proposals.

Every piece of similar legislation in the past, Social Security, Medicare, Medicaid, AFDC and any other entitlement you can name grew exponentially after it became law, not merely because the program attracted so many beneficiaries, but primarily because legislators added new provisions on an almost yearly basis.

That is what will happen with this bill. Although it will likely happen much faster, because complete [socialization of medicine is the ultimate goal](#), and they have been working to achieve this for almost a century. Read on:

*The projected savings for the proposal reflect the cumulative impact of a number of specifications that would **constrain payment rates for providers of Medicare services.** (Emphasis mine)*

This will cause service cuts to Medicare. Expect to see doctors abandon ship en masse. Here are some more gems:

*Payments to physicians would be lowered by constraining Medicare Sustainable Growth Rate (SGR) increases.*

While this amounts to price controls - a bad

thing - it is a big part of the cost savings in this bill. [Cato Institute claims](#) that Congress routinely blocks such restraints and will do so again. If that happens, there goes \$200 billion in "savings." Cato has found an additional \$108 billion in federal spending it says CBO overlooked.

***Payment rates for many other service providers would be held below the level of inflation. (Emphasis mine.)***

In real terms, this amounts to a pay cut (read more shortages.)

Now here is the kicker:

*The projected longer-term savings for the proposal also assume that the **Medicare Commission is relatively effective at reducing costs-beyond the reductions that would be achieved by other aspects of the proposal...***

Medicare Commission? What is that? Could it possibly be the dreaded **Death Panel?**

*The proposal would also establish a Medicare Commission, which would be required, under certain circumstances, to recommend changes to the Medicare program to limit the rate of growth in that program's spending.*

**Death Panel?** C'mon! Don't be ridiculous! That was only what that [silly Palin girl](#) called it. This is simply a reasonable effort to [control costs](#) as some lawyer at Oxford University

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Granny, grandpa, *ruuuun!*

This Commission is severely restricted in the current proposal as indicated by the relatively paltry savings CBO projected due to its activities: \$22 billion. Yet the statement above clearly suggests that a much bigger role for the Commission is envisioned in later years.

And finally:

*The long-term budgetary impact could be quite different if those provisions were ultimately changed or not fully implemented.*

So in order to make this thing work there will be \$500 billion in new taxes and service cuts totalling another \$400 billion, and most of those cuts will be achieved by this new "Medicare Commission." Great!

But they didn't tell you everything. The CBO made vague references to "national health expenditures":

*Members have also requested information about the effect of proposals on national health expenditures (NHE). CBO does not analyze NHE as closely as it does the federal budget, however, and at this point the agency has not assessed the net effect of the current proposal on NHE...*

**Whoa!** What do we call this, an er...ah...

**oversight?**

***They are talking about an additional one trillion dollars!***

***Over half the bill's mandates are unfunded and fall on businesses and individuals, and so are not counted in the "cost to government!"***

This information is what killed Hillary's proposal in 1994 and is the reason they kept it out of this one!

And here is the last shocker of this CBO estimate: they did it without even seeing the legislation! None was provided to them to make these estimates, ***so we still don't even know what's really in the bill!***

There are a host of other frauds being perpetrated on us right now by our government regarding health care. So let's get something straight about the high percentage of GDP (16-17 percent) devoted to healthcare in this country, because it is widely misunderstood.

First, most of the excessive costs of American medical care are the result of government intervention. In fact proponents of socialized medicine anticipated that the costs of Medicare and Medicaid ***would create a crisis in health care***, generating calls for reform. Their

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ready answer was just more of the same.

We would all like to see costs of medical care come down. This country should move to reduce costs by removing the causes: excessive government intervention that distorts the market. The many ways government intervenes and the many solutions are beyond the scope of this essay, but **that is the answer.**

But more importantly, even were this not true, it is irrelevant. **It is not a zero sum game!** This is the mistake all socialists make. You have heard the argument: "If we spend less on health care, we can spend more on other things."

When government confiscates the income generated by productive activity in one sector of the economy (it doesn't matter which sector), and transfers it to a sector of the economy that produces nothing (the government) the entire economy suffers.

Conversely, the healthcare sector of the economy is largely self-supporting - or would be, if the government got out of the way. That is, it thrives, without government help, on the productive activity of its professionals with the dollars voluntarily contributed by its clients (you and I.)

You and I are not constrained by what we

voluntarily pay in order to stay healthy. We are constrained by parasitic government activity that confiscates today **at least one third** of our annual earnings without providing commensurate benefit.

This country **chooses a high level of care.** We prefer it that way, and so far, we have been able to afford it. Government's growing intrusion into the healthcare market may put costs out of reach, **but be clear on the cause!**

However, with ever higher taxes and ever more regulation over everything we do, our government is gradually strangling us. Now they are spending not only our hard-earned dollars, but a good portion of the dollars future generations are expected to earn before they are even able to earn it. Will they be able to?

And now House Majority Leader Nancy Pelosi (D-CA) has been caught on tape **calling for a Value-Added-Tax (VAT)** to pay for the healthcare bill and other goodies. Does this mean even the Democrats recognize CBO's cost estimates are a fraud? They should, because it is.

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The healthcare overhaul bill currently hiding in the Senate Finance Committee of Max Baucus is a walking disaster. Proponents of this monstrosity claim we have to do something or things will get worse. Newsflash: **things can always get worse**, and under this bill they certainly will.

(Nancy Pelosi AP Photo/Evan Vucci)



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