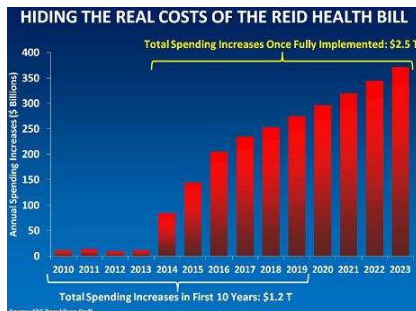




CBO has underestimated true cost of health care bill cry opponents.

By San Diego Economy Examiner, Mark Vargus
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The Senate has resumed debating the health care reform bill and already there are charges that the estimates of the bill being deficit neutral are false. Perhaps the most pointed argument has come from the Senate Republicans who have estimated that the true ten year cost of the bill is not the \$1.2 trillion claimed by Democrats and estimated by the CBO, but is \$2.5 trillion once the bill becomes fully implemented in 2014. The Republicans have even produced a graph demonstrating how the costs of the bill are negligible from 2010 through 2013, but increase quickly after becoming fully implemented in 2014.



This revelation is only made more striking when one notes that some are charging that the CBO is ignoring costs. The Weekly Standard on its blog page has an [article about the real costs](#) and notes:

But it gets even worse. The CBO doesn't say that the bill's total costs from 2010 to 2019 (99 percent of which would come from 2014-onward) would be \$848 billion -- or that its total costs in its real first 10 years (2014 to 2023) would be \$1.8 trillion. Rather, it says that these would be the gross costs of the bill's "expansions in insurance coverage." The CBO shows that there are many other costs in the bill as well, including spending related to the CLASS Act, risk-adjustment payments, funding for the government-run "public option" (not a cent of which is included in the figure for "expansions in insurance coverage"), and other new federal spending.

And some of the costs are hidden. The libertarian Cato Institute published a [detailed critique of the real costs of the health care bill](#) and estimates that the total cost to the economy will be closer to \$6 trillion over the first ten years once all provisions in the bill are active. They note:

Another gimmick pushes much of the legislation's costs off the federal budget and onto the private sector by requiring individuals and employers to purchase health insurance. When the bills force somebody to pay \$10,000 to the government, the Congressional Budget Office treats that as a tax.

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When the government then hands that \$10,000 to private insurers, the CBO counts that as government spending. But when the bills achieve the exact same outcome by forcing somebody to pay \$10,000 directly to a private insurance company, it appears nowhere in the official CBO cost estimates — neither as federal revenues nor federal spending. That's a sharp departure from how the CBO treated similar mandates in the Clinton health plan. And it hides maybe 60 percent of the legislation's total costs. When I correct for that gimmick, it brings total costs to roughly \$2.5 trillion (i.e., \$1 trillion/0.4).

I have posted my opinion of the bill many times. It is economically unsound and in the end is likely to cost the economy far more than estimated. More than one pundit has noted that only the kind of creative accounting, which would put any CEO into jail for years has allowed the Democrats to claim that this bill costs less than two trillion, and the full estimates of the costs are far higher. I'm am all for working to make health care more affordable and understandable, but [my suggestions](#) never included this level of governmental interference or the costs that will be created by this bill.



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