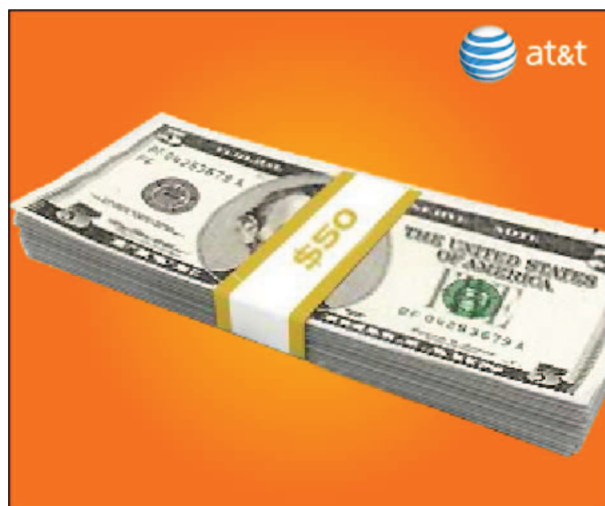


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Senate Health Bill Price Tag, Rosy Deficit Estimate Assailed as 'Fantasy'

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Adding in expenses beyond the 10-year mark drastically skews the overall cost, making the \$848 billion a mere fraction of the long-term price tag of overhauling America's health care system -- and that's if no changes are made to the legislation during that time.

The additional claim touted by Senate Democrats -- that the bill will reduce the deficit by \$130 billion over the first 10 years -- is also coming under fire as "fantasy."

Republicans have countered the Congressional Budget Office estimate with a figure of their own: \$2.5 trillion, an estimate that comes out of the Senate Budget Committee minority's analysis of Reid's plan.

"This is a lousy bill that's going to cost American taxpayers like mad for the rest of our lives," Sen. Orrin Hatch, R-Utah, a fierce critic of the health care legislation, told Fox News on Thursday.

Part of the problem with the CBO estimate is that it covers a 10-year period from 2010-2019 -- however, the health care reform plan is not fully implemented until 2014. That means the federal government is raking in billions in taxes and savings for the first four years without spending on the new program. The \$2.5 trillion estimate is for the 10-year window starting in 2014, after implementation of the program begins.

Under the timetable in the CBO estimate, the government spends \$9 billion in the first four years, but \$838

billion in the last six when the overhaul goes into full force.

The revenue significantly ramps up in the latter half of the decade to keep pace with spending, but the nearly \$100 billion in deficit savings in the first four years is not necessarily in the piggy bank either.

Democrats are holding up estimates that show the second decade of health care reform yields even more deficit reduction.

President Obama said in a statement Wednesday night that the unveiling of the is a "critical milestone" and cited one estimate showing the second 10 years would yield up to \$650 billion in deficit reduction.

Sen. Kent Conrad, D-N.D., chairman of the Senate Budget Committee, cited the same estimate, telling Fox News that Reid's bill is "going in the right direction" and yields significant savings.

"That to me is the most encouraging part of this," he said.

Budget analysts say that the early revenue cannot be fenced off, much like Social Security money is spent despite a trust fund for that purpose. The funding gets absorbed into the general federal budget, presumably to go toward reducing the deficit on a yearly basis.

However, this creates the possibility that Congress could spend that money twice, by using the up-front savings as fun money for new projects and then having to pay the bill for health care reform down the road. Holtz-Eakin called this a worst-case scenario.

"The government's incapable of segregating funds. You can't put the money in a cigar box and bury it behind the Treasury Department," said Michael Tanner, senior fellow with the libertarian Cato Institute.

Tanner pointed to two other "gimmicks" that make the price seem smaller than it is.

One deals with the so-called "doctor fix," which would be an act of Congress to ensure Medicare doctors don't face steep cuts in federal reimbursements. This would cost at least \$210 billion over 10 years, and it's a "fix" that Democrats are trying to separate from the health care reform bill.

That alone erases the \$130 billion in deficit savings claimed by the CBO's latest health care estimate.

Tanner also pointed to the CLASS Act, a long-term care program in the bill that takes in billions in revenue early on but does not pay out in any significant way until the next decade.

"If you use honest accounting ... then this bill's not paid for," Tanner said. "It's smoke-and-mirrors accounting."

The Budget Committee document estimating the actual cost to be \$2.5 trillion over years five through 14 of the program also showed \$126 billion in deficit reduction in that period. It estimated even more down the road.

But Holtz-Eakin called that "fiction," since it relies on more than \$1 trillion in cuts to Medicare and Medicaid.

He said there's no way the government can sustain and increase those cuts and expect the program to work.

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