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Hiding Health Reform's Real Costs

Posted 11/25/2009 07:05 PM ET

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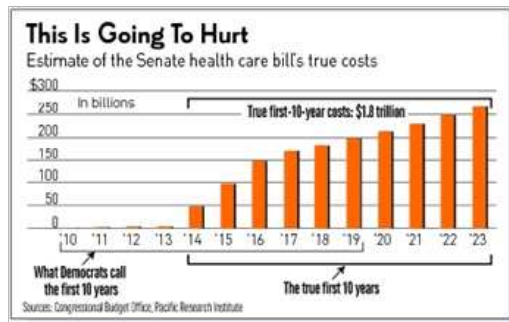
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11/30/2009 11:00:22 AM ET

Investing Tip

Secondary market gauges are often unreliable.



Washington: Senate Democrats say their reform bill will cost \$848 billion over 10 years. They're misleading the public by starting the count in 2010. The true cost would be \$1.8 trillion over a decade.

The \$848 billion figure is based on a 10-year run beginning in 2010 when there will be little, if any, spending —

even though the taxes that fund the new welfare state program will begin the next year. In fact, only 1% of the spending will come in the first four years of the 10 years the Democrats are counting, according to the Congressional Budget Office. (See chart)

To understand the real 10-year cost, the clock needs to be started in 2014. It's the first true year of spending. After four years of minimal activity, almost \$50 billion will be spent in 2014. The spending roughly doubles in the next year and jumps by about 50% in 2016.

By 2023, the real 10th year of the program, the federal government will spend nearly \$270 billion.

Add up all 10 years, and the price tag is \$1.5 trillion, nearly twice as costly as the Democrats' bogus estimate.

And that's a humble beginning. The five years after that, which are not shown on the accompanying chart, would cost an additional \$1.7 trillion, says Jeffrey Anderson of the Pacific Research Institute.

"Thus," Anderson wrote Monday in National Review Online, "the true first-15-year costs of the bill would be a cool \$3.5 trillion — according to the CBO's projections."

But let's not stop there. As long as we're discussing real costs, we should mention the estimate made by the Cato Institute's Michael Cannon.

He projects that the House bill, passed Nov. 7, will cost \$2.5 trillion over the decade that the Democrats are using for their estimate.

His assessment includes the \$250 billion that's been removed from the health care bill to be voted on in separate legislation. This is the "doctor fix" that's supposed to ensure that Medicare reimbursements for physicians won't be sharply cut.

Cannon also prices in the cost of the individual mandate — the requirement that those who don't have health insurance buy it for themselves — because the costs of the premiums are not included in the CBO's estimates.

Democrats did this because they learned from a previous mistake. The CBO included the cost of individual mandate premiums in the Clinton 1994 health care plan, and it was a primary reason why that legislation failed.

This time, though, with the help of White House Budget Director Peter Orszag, who was CBO director in 2007 and 2008, they were able to hide the costs.

Supporters of health care reform simply haven't been honest about the cost of either bill. The Washington Post editorialized a week ago about "fantasy savings" in the Senate plan. Republican Sen. Kit Bond of Missouri says the entire reform effort is "a trillion-dollar scam." Cannon calls the House's muddying of the facts "the biggest fiscal obfuscation in the history of American politics."

"The current leadership," he wrote in National Review Online the day before the Nov. 7 vote, "has rigged the legislation so that 60% of its total cost will not be made public by the CBO in advance of the House vote."

Though accurate, those are all mild descriptions of what the Democratic leadership is trying to do to the country. If it successfully forces its expensive agenda on an ostensibly free people, it will have committed an act that some will justifiably consider to be a crime.

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If the true costs of the health care bill is twice what the Dems tell us, does this mean that in order to keep it revenue neutral that the tax on upper income individuals will have to be 10.8% vs. 5.4% and that cuts in Medicare will have to be closer to \$800 billion vs. \$400 billion and that the "doctor fix" will be \$500 billion vs. \$250 Billion? This is an outrage.

What the Dems aren't adding into the ten year cost of their health care plan, is the cost of insurance premiums and health care we are currently paying for the first four years before their bill starts kicking in. Add all that in and see what that does to their rosy numbers.



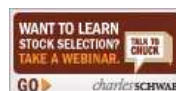
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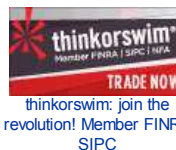
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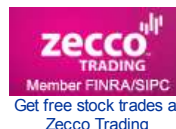
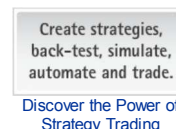
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thank you, IBD, for pointing out yet another pillar of the democrats' agenda that is based on fraud and deception. add "health care" to global warming, racism, illegal immigration, environmentalism, and abortion. all of these issues are based on half-truths, exaggeration, suppression of dissenting data, emotional manipulation, and media collusion. oh, i forgot to mention the biggest fraud of them all---barack obama.

According to the Heritage Foundation, the actual costs might even be higher, as much as \$4.5 trillion dollars.

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