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Despite New Deficit-Cutting Claim, Baucus Bill Is Just Tax-And-Spend

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The Senate Finance Committee's version of health care reform is being hailed as a model of bipartisan moderation. One Republican may even vote for it.

And it's undeniably an improvement over the bill approved early by the Senate Health, Education, Labor, and Pensions Committee, or the one making its way ever so slowly through the House.

But that's a low bar. In reality, the Finance Committee bill still represents a radical government takeover of the U.S. health care system.

Let's start with the price tag. According to the report just released by the Congressional Budget Office, the bill will cost roughly $829 billion over the next 10 years. And, significantly, it is even projected to reduce the budget deficit over 10 years by $81 billion. Of course, both those numbers are misleading.

The $829 billion cost is for the next 10 years, 2010-2019, but the most expensive provisions of the bill don't take effect until July of 2013. The cost over the bill's first 10 years of actual operation is closer to $1.3 trillion.

In addition, the bill assumes that Congress will implement a 21% reduction in Medicare payments that is already scheduled under current law. The only problem is that Congress has been supposed to make those reductions since 2003 — and never has. There is no reason to believe it will do so this time either.

Most importantly, the bill does not achieve its deficit reduction by controlling spending or reducing health care costs. In fact, by the end of the 10-year budget window, the cost of the program is expected to be growing at 8% per year. But revenue from the bill's new taxes would be growing between 10% and 15% per year.

In particular, the bill imposes a 40% excise tax on health insurance plans that offer benefits in excess of $8,000 for an individual plan and $21,000 for a family plan. Insurers would almost certainly pass this tax on to consumers via higher premiums.

As inflation pushed insurance premiums higher in coming years, more and more middle-class families would find themselves caught up in the tax — providing the government with more revenue.

The overall tax increases in the bill are more than double the amount of deficit reduction. This isn't a health care efficiency bill or a cost-containment bill. It is a tax-and-spend bill, pure and simple.

And, when not raising taxes, the bill simply pushes costs on to others. For example, the bill would push $35 billion in Medicaid costs off onto already cash-strapped state governments. Other costs would be offloaded onto businesses and individuals.

Nor should it be forgotten that this bill would still give the government the power to force most Americans to purchase insurance, and allow the government to dictate what benefits insurance should offer.

People who have health insurance today — and like it — would have to switch to the government-approved plan, even if it was more expensive or contained benefits that they didn't want. That insurance will likely be more expensive, because the bill contains a host of new insurance regulations that will drive up premiums, especially for the young and healthy.

Others could lose their current insurance as well, including the 10 million Americans with health savings accounts (HSAs) and the one in five seniors currently on Medicare Advantage plans. The bill guts both programs.

Numerous other provisions would allow the government to interfere with how doctors practice medicine — for example, cutting Medicare reimbursements to providers whose utilization is in the 90th percentile or above compared to national averages, that is, doctors who do more procedures than the government thinks they should.

With all this, the bill still leaves 25 million people uninsured.

If that's moderation, it's just not good enough.

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