

How Much Does Reid's Bill Actually Cost?

Michael Tanner, of the Cato Institute, has done us [another great service](#) by skewering Harry Reid's health care bill for the crushing costs it would impose upon the American people. I strongly suggest a read of the entire op-ed, but I consider this excerpt the best part:

...The bill uses various accounting gimmicks to hide its true cost. For example the bill doesn't include more than \$200 billion needed to prevent a 21 percent cut in Medicare next year. [The CBO "score" actually assumes Reid cuts Medicare 23 percent -- Ed.] That cost has been spun off into a separate bill, even though the Senate voted down that approach last month.

Moreover (as Jeffrey H. Anderson notes), much of the spending is back-loaded. The bill doesn't start spending until 2014, and only costs \$9 billion that year. But by 2019, the annual cost hits \$196 billion. The minority staff of the Senate Budget Committee reports that, if you factor out all the budget gimmicks and look at the 10 years of actual implementation, the cost is closer to \$2.5 trillion.

And, while Reid brags that the bill will reduce the deficit by \$127 billion over the next 10 years (which is about \$50 billion less than the deficit the government ran last month alone), even that tiny savings depends on budget gimmicks and the willingness of future Congresses to make huge cuts in Medicare spending. Any wagers on the chances of that actually happening? In fact, even the CBO warns that it will be "difficult" to achieve the predicted savings.

Perhaps more important, much of the cost has simply been shifted from the federal budget onto the backs of workers, businesses and state governments. Judging by previous reforms, as much as 60 percent of the cost won't show up in government accounting.

To pay for all the new spending, Reid would enact at least 15 new or increased taxes totaling more than \$493 billion.

But the cost alone doesn't begin to describe how intrusive this bill would be for the average American. For instance, it would require everyone to buy a government-designed insurance plan, even if it was more expensive than their current policy. Failure to comply brings a penalty of up to \$6,750 for a family of four.

Another provision would mandate that employers provide insurance to their workers. If they fail to do so, and if even a single worker qualified for federal subsidies, the employer could be fined up to \$750 per employee. The CBO estimates that those penalties will amount to more than \$28 billion.

Tanner then continues by covering some of the commonly cited concerns with government-run health care – for instance, rationing. The unfortunate reliance on the CBO scoring of the plan by the media and officials in Washington misleads the public on the economic implications of the bill.

Thankfully, House Republicans have proposed [an alternative](#) to Reid's monstrosity. The Republican plan concentrates on cost reduction, by allowing individuals to purchase insurance across state lines, capping medical malpractice lawsuits, providing additional incentives for health savings accounts and encouraging small businesses to band together and purchase insurance in groups. Hopefully, Senate Democrats will come to grips with the horror that is Reid's bill and reject it Saturday.

by Anthony Dalke @ 11:29 am. Filed under [Democrats](#), [Issues](#), [R4'12 Essential Reads](#)