

Cato scholars sounds off on CBO score

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The health care wonks over at the [Cato Institute](#) , has dug into the CBO's scoring of ObamaCare and found some problems.

Michael Tanner [wrote](#) :

The CBO report that said the health care bill won't raise deficits makes it clear that the Baucus bill's reduction in future budget deficits comes not from controlling government spending or reducing health care costs, but because of a rapid escalation in tax revenues.

The bill imposes a 40 percent 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 pushes insurance premiums higher in coming years, more and more middle-class families would find themselves caught up in the tax.

In fact, overall, the 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.

A little later, Michael Cannon pointed out the [real cost of the bill that the media and others are missing](#) :

The Baucus bill assumes that Congress will allow the "sustainable growth rate" cuts in Medicare's physician payments to occur beginning in 2012. Yet Congress has routinely and repeatedly blocked those cuts, making Baucus's assumption preposterous. The CBO handled the issue delicately, but essentially said, "Sure, provided that the sun rises in the west in 2012, then yes, this bill would reduce the deficit."

That means Baucus will come up at least \$200 billion short on the revenue side, making his bill a budget-buster.

The media are reporting that the Baucus bill would cost just \$829 billion over 10 years. Wrong.

As Donald Marron observes , that number omits as much as \$75 billion in new federal spending. It also omits a \$33 billion unfunded mandate on state governments.

But the worst part is that the Congressional Budget Office's preliminary cost estimate omits the cost of the private sector mandates in the Baucus bill. In Massachusetts, those costs accounted for 60 percent of the total cost of reform. That suggests the actual cost of the Baucus bill – \$829 billion plus \$75 billion plus \$33 billion, times 2.5 – is well over \$2 trillion.

You can read my two cents on the CBO score [here](#).

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