



# Repealing the Federal Health Law Saves American Taxpayers Money

On January 6<sup>th</sup>, the Congressional Budget Office (CBO) released a preliminary analysis of H.R. 2—a bill to repeal the Patient Protection and Affordable Care Act<sup>1</sup>. Democrats are using that analysis to say that repealing the law will increase the deficit by \$230 billion dollars. But a closer look shows the the federal health care law could add nearly \$700 billion to the deficit in the first ten years alone.

## Response

- Only in Washington would people believe that deciding NOT to spend \$2.6 trillion dollars over a decade, and NOT massively expand the federal government can be spun as being somehow fiscally irresponsible.
- The problem is not the Congressional Budget Office. CBO is full of dedicated, nonpartisan budget professionals.
- The problem is that Democrats used budget gimmicks to manipulate the CBO score of the health care law. Those gimmicks make the law appear one way, but the truth is the federal health care law could add nearly \$700 billion to the deficit in the first ten years alone.

## Look At What CBO Really Said About Repeal

- In their cost analysis of repealing the law, CBO acknowledged they had to accept budget gimmicks and score the bill as it was written.
  - “As with all of CBO’s cost estimates, [our] estimates reflect an assumption that the provisions of current law would otherwise remain unchanged throughout the projection period and that the legislation being considered would be enacted and implemented in its current form. CBO’s responsibility to the Congress is to estimate the effects of proposals as written and not to forecast future legislation.”<sup>2</sup>
- CBO admitted the bill’s actual costs of the health overhaul could be much higher.
  - “Projections of the bill’s budgetary impact are quite uncertain.....CBO believes that its estimates of the net budgetary effects of health care legislation have a roughly equal chance of turning out to be too high or too low.”
- In fact, CBO acknowledged that some key provisions “might be difficult to sustain over a long period of time” at which point, the “budgetary effects of repealing [the health care law] could be quite different” – in other words, it could cost a *lot* more.
  - “The budgetary impact of repealing [the health care law] could be quite different if key provisions of that original legislation would have subsequently been changed or not fully implemented..... Current law now includes a number of policies that might be difficult to sustain over a long period of time....If those provisions would have subsequently been modified or implemented incompletely, then the budgetary effects of repealing PPACA and

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1 Legislative Information System, H.R. 2, 112th Congress, <http://www.congress.gov/cgi-lis/bdquery/D?d112,d111:1:./temp/~bdeHF1:dbs=y:|/billsumm/billsumm.php>

2 This and all quotes from CBO taken from the January 6th letter to Speaker Boehner, [http://www.cbo.gov/ftpdocs/120xx/doc12040/01-06-PPACA\\_Repeal.pdf](http://www.cbo.gov/ftpdocs/120xx/doc12040/01-06-PPACA_Repeal.pdf)

the relevant provisions of the Reconciliation Act could be quite different—but CBO cannot forecast future changes in law or assume such changes in its estimates.”

### **CBO Did Say Repealing the Law Would Decrease Costs for Families and Taxpayers**

- Repeal *Reduces* Health Insurance Costs for Americans. CBO: "In particular, if H.R. 2 was enacted, premiums for health insurance in the individual market would be somewhat lower than under current law..."
- Repeal *Reduces* Federal Spending on Health Care. "Last March, CBO estimated that enacting PPACA and the relevant provisions of the Reconciliation Act would increase the 'federal budgetary commitment to health care' by about \$400 billion over the 2010–2019 period; CBO uses that term to describe the sum of net federal outlays for health programs and tax preferences for health care.<sup>7</sup> In contrast, CBO estimated that enacting that legislation would reduce the federal budgetary commitment to health care during the decade after 2019."

### **Democrats Used At Least Seven Budget Gimmicks to Game the CBO Scoring Process<sup>3</sup>**

1. Counting a full ten years of tax increases to pay for only six years of new health care spending. This means imaginary savings from CBO, but deficits in the real world.
2. Double-counting \$398 billion in Medicare cuts. Democrats count it both as money to extend the life of Medicare and as money to pay for a new health care entitlement. So that is \$2 spent for every \$1 "saved."
3. Concealing the cost of the so-called doc fix, which prevents cuts in Medicare payments to physicians—totaling \$208 billion over ten years. This cheats the doctors or it cheats the taxpayers.
4. Spending \$29 billion in Social Security payroll taxes, even though those dollars should be used for Social Security benefits. This is a fiscal shell game.
5. Ignoring \$115 billion in costs to implement the bill, including new personnel. CBO doesn't count the cost of new bureaucrats to implement the law, but you'll still be picking up the tab.
6. Counting \$19 billion in savings from unrelated student loan reforms as health care savings. One more way to mask the massive law's true cost.
7. Counting \$70 billion of premiums from a new long-term care program that the even the Democratic Chairman of the Budget Committee called a "ponzi scheme." According to the CBO, this program could "add to budget deficits .... in succeeding decades – by amounts on the order of tens of billions of dollars for each 10-year period."<sup>4</sup>

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<sup>3</sup> First six gimmicks taken from Senate GOP Budget staff document, <http://budget.senate.gov/republican/pressarchive/2011-01-19Obamacare&Deficit.pdf>. Summary of CLASS program, page 18 here, [http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File\\_id=0d0b33ae-292e-42ba-ba94-43ff234961a2](http://coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=0d0b33ae-292e-42ba-ba94-43ff234961a2)

<sup>4</sup> Congressional Budget Office, "Letter to The Honorable Tom Harkin, Chairman of the U.S. Senate Committee on Health, Education, Labor, and Pensions," November 25, 2009. [http://www.cbo.gov/ftpdocs/108xx/doc10823/CLASS\\_Additional\\_Information\\_Harkin\\_Letter.pdf](http://www.cbo.gov/ftpdocs/108xx/doc10823/CLASS_Additional_Information_Harkin_Letter.pdf)