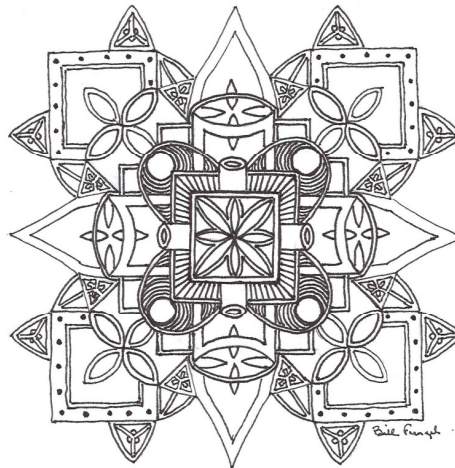


Updated Charts Comparing the Health Care Reform Bills: Displaying Fiscal Implications of Reform Plans



November 5, 2009

A COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET PROJECT
USBUDGETWATCH

CO-CHAIRMEN

Bill Frenzel
Tim Penny
Charlie Stenholm

PRESIDENT

Maya MacGuineas

DIRECTORS

Barry Anderson
Roy Ash
Charles Bowsler
Steve Coll
Dan Crippen
Vic Fazio
Willis Gradison
William Gray, III
William Hoagland
Doug Holtz-Eakin
James R. Jones
Lou Kerr
Jim Kolbe
James T. Lynn
James T. McIntyre, Jr.
David Minge
Marne Obernauer, Jr.
June O'Neill
Rudolph Penner
Peter Peterson
Robert Reischauer
Alice Rivlin
Martin Sabo
Gene Steuerle
Lawrence Summers
David Stockman
Paul A. Volcker
Carol Cox Wait
David M. Walker
Joseph Wright, Jr.

SENIOR ADVISORS

Elmer Staats
Robert Strauss

US Budget Watch is a project created to increase awareness of the important fiscal issues facing the country. During the 2008 Presidential election, it published a number of “voter guides” on the candidates’ tax and spending policies. Since then, the project has sought to both keep the public informed about these issues and track the fiscal policies of the new President and Congress. US Budget Watch is a project of the Committee for a Responsible Federal Budget and is supported by Pew Charitable Trusts.

The Committee for a Responsible Federal Budget is a bipartisan, non-profit organization committed to educating the public about issues that have significant fiscal policy impact. The Committee is a bipartisan group of leading budget experts including many of the past Directors of the Budget Committees, the Congressional Budget Office, the Office of Management and Budget and the Federal Reserve Board. The Committee for a Responsible Federal Budget is housed at the New America Foundation.

The Pew Charitable Trusts is a non-profit charitable organization driven by the power of knowledge to solve today’s most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public and stimulate civic life. Pew’s Economic Policy Department promotes policies and practices that strengthen the U.S. economy by cultivating bipartisan coalitions, informing critical national debates and striving toward meaningful policy change.

Committee for a Responsible Federal Budget

1899 L Street, NW, Suite 400

Washington D.C. 20036

www.USBudgetWatch.org

www.crfb.org

www.pewtrusts.org

SUMMARY TABLE 1: SUMMARY OF MAJOR METRICS

Metric	House Democrats	Senate Finance	House Republicans
Cost of Coverage Provisions			
10-year Gross Cost of Coverage Provisions	\$1,055 billion	\$829 billion	\$61 billion
10-year Net Cost of Coverage Provisions [#]	\$894 billion	\$719 billion	\$8 billion
Gross Cost of Coverage Provisions in 2019	\$208 billion	\$180 billion	\$6 billion
Net Cost of Coverage Provisions in 2019 [#]	\$173 billion	\$153 billion	-\$2 billion
Change in Federal Budgetary Commitment to Health Care	\$598 billion increase	\$85 billion increase	\$68 billion decrease
Deficit Projections			
10-year Budgetary Impact	\$104 billion surplus	\$81 billion surplus	\$68 billion surplus
10-year Impact Excluding CLASS Act*	\$31 billion surplus	\$81 billion surplus	\$68 billion surplus
Budgetary Impact in 2019	\$9 billion surplus	\$12 billion surplus	\$18 billion surplus
Beyond the Ten Year Window			
Deficit Reduction for 2020 through 2029	0% to 0.25% of GDP	0.25% to 0.5% of GDP	0% to 0.25% of GDP
% of Offsets Growing Much Faster than Costs ⁺	48%	76%	n/a
% of Offsets Growing Much Slower than Costs ⁺	37%	11%	n/a
Curve Benders and Game Changers^{&}			
Tax Measures to Reduce Costs	Limits on Certain Health Tax Benefits; No Major Provisions	Excise Tax on High-Cost Insurance Plans	HSA Expansion; No Major Provisions
Insurance Market Reforms	Health Exchange; Guarantee Issue Rules with Strong Mandate	Health Exchange; Guarantee Issue Rules with Weak Mandate; Rules Allowing Some Insurance Purchases Across State Lines	Association Health Plans and Health Plan Finders; Rules Allowing Insurance Purchases Across State Lines
Direct Payment Reforms	Pilots for Payment Bundling and Accountable Care Orgs; Strong Penalties to Reduce Preventable Hospital Readmissions	Pilot for Payment Bundling; Broader Program for Accountable Care Orgs; Penalties to Reduce Preventable Hospital Readmissions	n/a
Indirect Payment Reforms	Innovation Center to Experiment with New Payment Models	Commission to Automatically Cut Costs; Innovation Center to Experiment with New Payment Models	n/a
Other Potential Curve Benders	Center for Comparative Effectiveness Research	Patient-Centered Outcomes Research Institute	Medical Malpractice Liability Reform
Other Metrics			
Decrease in Number of Uninsured in 2019	36 million	29 million	3 million
Decrease in Percent of Uninsured in 2019	67%	54%	6%

Notes: Estimates describe H.R. 3962, the Affordable Health Care for America Act, as introduced in the House on 10/29/2009; the Republican substitute to that bill, as introduced by John Boehner on 11/04/2009; and S. 1796, the America's Healthy Future Act as reported out of the Senate Finance Committee on 10/21/2009.

Sources: CBO, JCT, OMB, Library of Congress (legislation via Thomas) and US Budget Watch calculations.

[#]Including interaction effects.

^oThe CBO measures "federal budgetary commitment to health care" by summing direct spending on the provision of care and estimated revenue loss as a result of health care tax expenditures.

^{*}The CLASS Act makes available government-sponsored long-term care insurance. Because this insurance would have a "vesting period," the provision appears to raise \$73 billion in revenue over the next decade. However, these revenues must ultimately be used to cover the program's costs, and therefore do not belong in the bill as an offset.

⁺Measures which reduce Medicare/Medicaid spending or tax health insurance are assumed to grow faster than costs while non-health related taxes are assumed to grow slower.

[&]Categories, and measures listed within categories, are non-exhaustive.

SUMMARY TABLE 2: HEALTH CARE COSTS AND SAVINGS

Provision	10-year Costs			2019 Costs		
	House Dems	Senate Finance	House GOP	House Dems	Senate Finance	House GOP
Mandate Provisions	\$168	\$27	n/a	\$33	\$6	n/a
Individual Mandate Penalties	\$33	\$4	n/a	\$6	\$1	n/a
Employer Play-or-Pay Provision	\$135	\$23	n/a	\$27	\$5	n/a
Coverage Expansion	-\$1,055	-\$829	-\$61	-\$208	-\$180	-\$6
Insurance Subsidies and High-Risk Pools	-\$605	-\$461	-\$24	-\$120	-\$98	-\$4
Medicaid Expansion	-\$425	-\$345	n/a	\$85	-\$80	n/a
Small Business Tax Credit	-\$25	-\$23	n/a	-\$2	-\$2	n/a
Other Coverage Spending	n/a	n/a	-\$37	n/a	n/a	-\$2
Other Spending	-\$226	-\$72	n/a	-\$18	-\$6	n/a
Physician Payment Updates	n/a	-\$11	n/a	n/a	\$0	n/a
Medicare Prescription Drug Coverage	n/a [†]	-\$21	n/a	n/a [†]	-\$3	n/a
Measures to Slow Health Cost Growth	-\$31	-\$14	n/a	-\$5	-\$1	n/a
Other Spending	-\$195	-\$26	n/a	-\$13	-\$2	n/a
Spending Offsets^a	\$569	\$524	\$76	\$107	\$103	\$16
Prescription Drug Cost Reductions	\$83 ⁺	\$28	\$6	\$11 ⁺	\$4	\$2
Medicare Advantage Cuts	\$170	\$114	n/a	\$28	\$21	n/a
Provider Payment Updates	\$173	\$185	n/a	\$36	\$40	n/a
Medicare Premium Increase	n/a	\$33	n/a	n/a	\$7	n/a
Medicare Payment Commission	n/a	\$22	n/a	n/a	\$7	n/a
Measures to Slow Health Cost Growth	\$37	\$29	\$54	\$5	\$7	\$9
Measures to Reduce Federal Health Care Spending	\$106	\$113	\$16	\$27	\$17	\$5
Tax Increases	\$560	\$382	n/a	\$82	\$69	n/a
Surtax on High Earners	\$461	n/a	n/a	\$68	n/a	n/a
Excise Tax on High-Cost Insurance	n/a	\$202	n/a	n/a	\$46	n/a
Limits to Corporate Tax Benefits	\$56	\$17	n/a	\$8	\$3	n/a
Limits to Health Care Tax Benefits	\$23	\$42	n/a	\$3	\$8	n/a
Fees on Health Care Companies	\$20	\$121	n/a	\$3	\$12	n/a
Interaction and Other Effects	\$15	\$49	\$52	\$6	\$19	\$8
Budgetary Impact Subtotal	\$31	\$81	\$68	\$2	\$12	\$18
CLASS Act[*]	\$73	n/a	n/a	\$7	n/a	n/a
Total Budgetary Impact	\$104	\$81	\$68	\$9	\$12	\$18

Notes: Estimates in billions. Estimates describe H.R. 3962, the Affordable Health Care for America Act, as introduced in the House on 10/29/2009; the Republican substitute to that bill, as introduced by John Boehner on 11/04/2009; and S. 1796, the America's Healthy Future Act as reported out of the Senate Finance Committee on 10/21/2009.

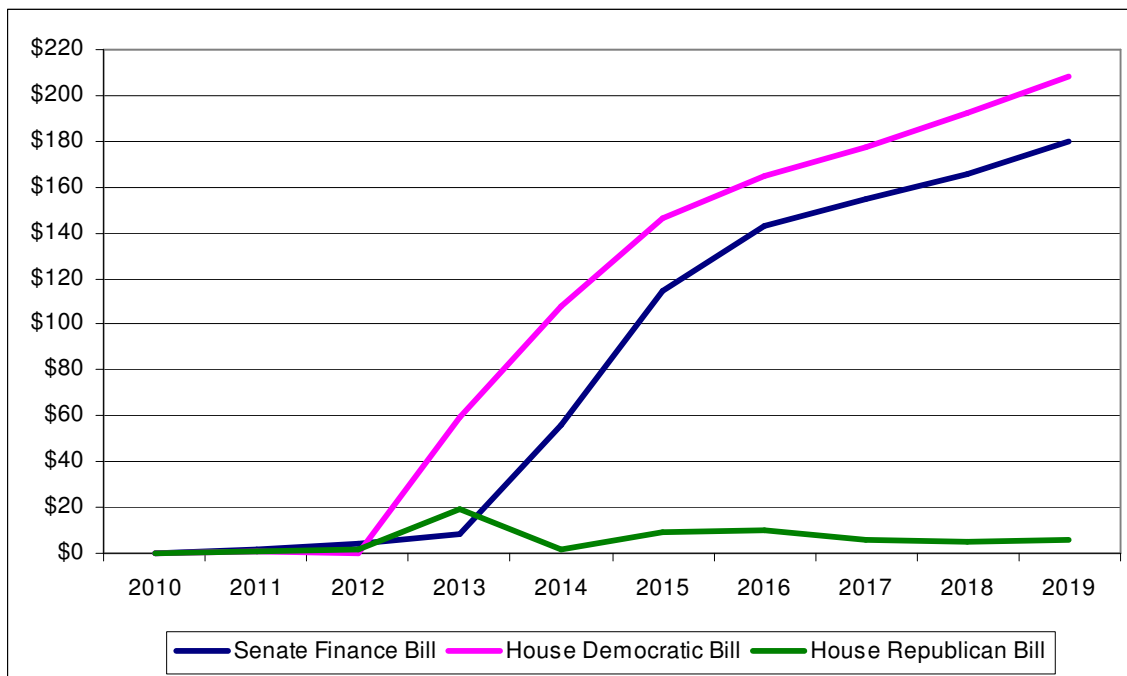
Sources: CBO, JCT, and US Budget Watch calculations.

^aIncludes certain indirect revenue effects.

^{*}The CLASS Act makes available government-sponsored long-term care insurance. Because this insurance would have a "vesting period," the provision appears to raise \$73 billion in revenue over the next decade. However, these revenues must ultimately be used to cover the program's costs, and therefore do not belong in the bill as an offset.

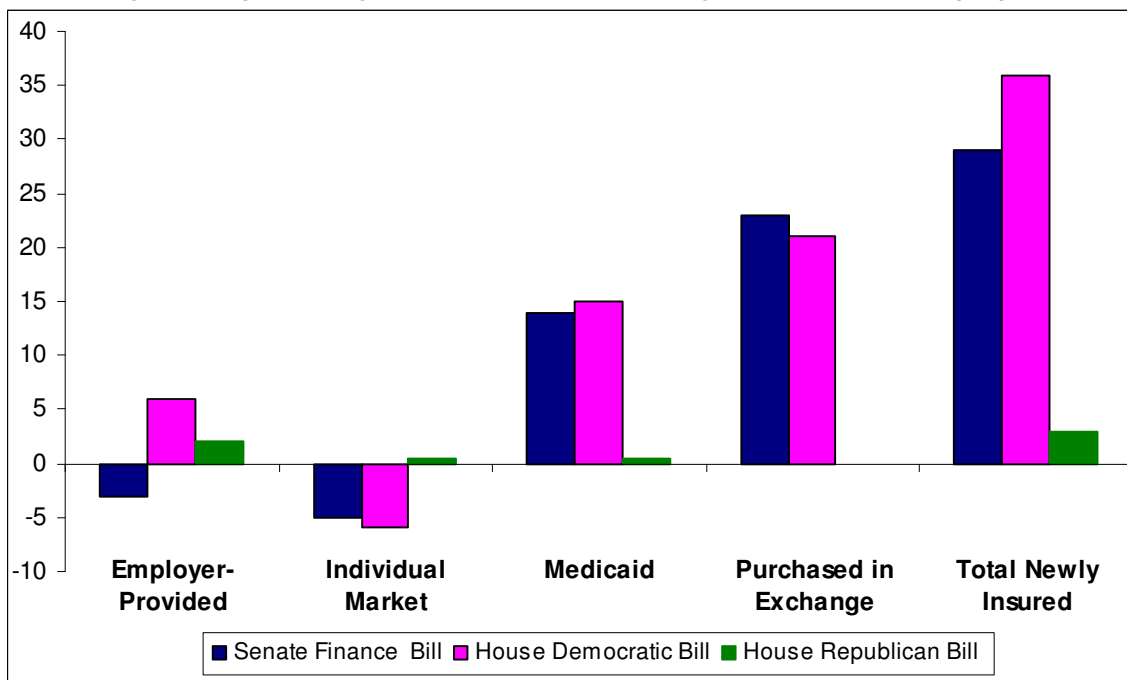
[†]Costs of expanding prescription drug coverage incorporated into savings estimate for reducing payments.

Figure 1: Gross Cost of Coverage Provisions by Year (billions)



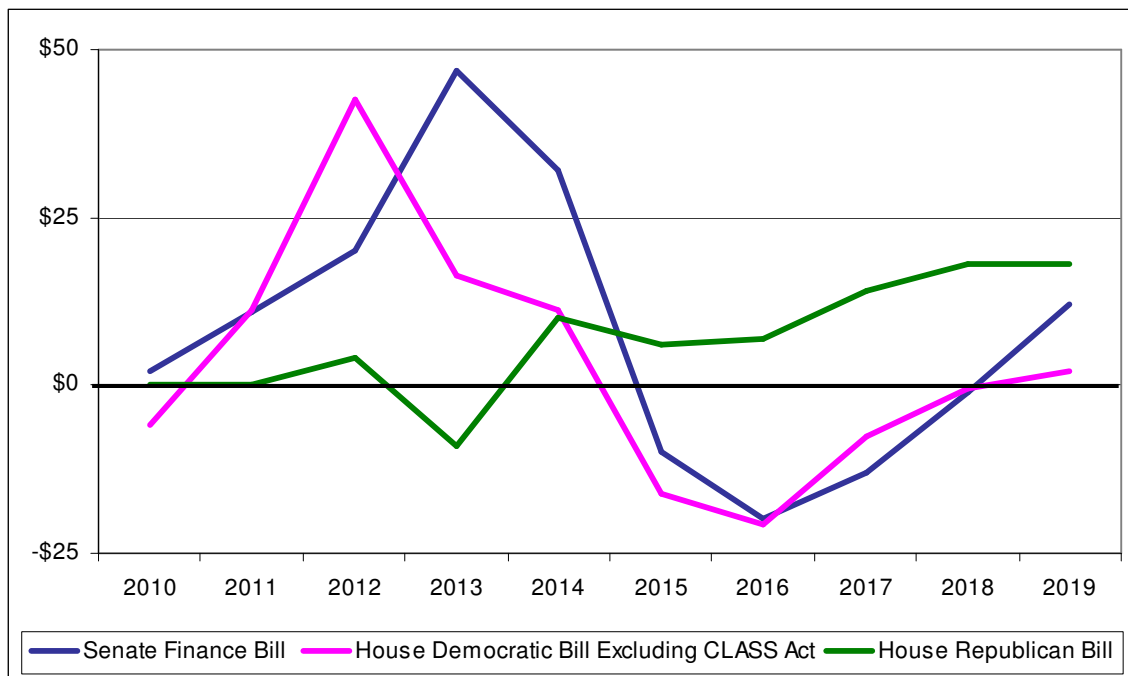
Source: Congressional Budget Office.

Figure 2: Impact of Legislation on Insurance Coverage in 2019 (millions of people)



Sources: Congressional Budget Office.

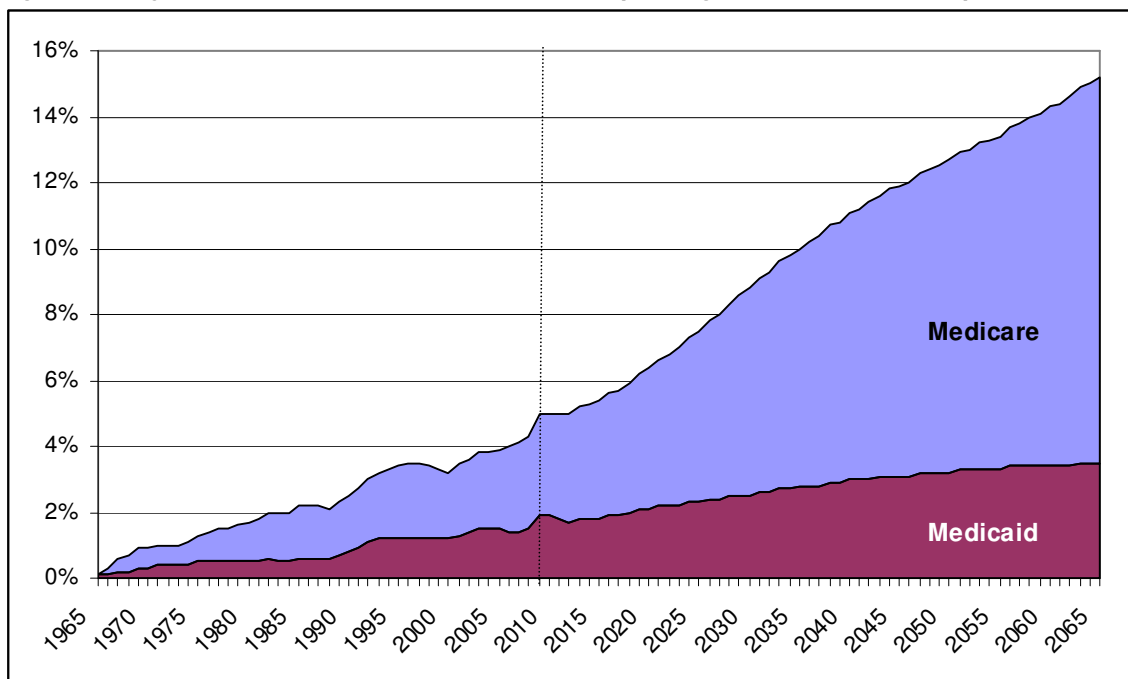
Figure 3: Budgetary Impact by Year (billions)



Source: Congressional Budget Office and US Budget Watch Calculation.

Notes: Positive numbers represent a decrease in the deficit. The CLASS Act makes available government-sponsored long-term care insurance. Because this insurance would have a “vesting period,” the provision appears to raise \$73 billion in revenue over the next decade. However, these revenues must ultimately be used to cover the program’s costs, and therefore do not belong in the bill as an offset. In this chart, we have excluded their deficit impact.

Figure 4: Projected Federal Medicare and Medicaid Spending Under Current Law (percent of GDP)



Source: Congressional Budget Office.