

CBO: Senate bill \$1 trillion over 10 years

June 16 2009, By DAVID ESPO , AP Special Correspondent

(AP) -- A leading health care bill under consideration in Congress would cost the government an estimated \$1 trillion over the next decade and reduce the ranks of the uninsured by about one-third, or 16 million individuals, congressional budget officials said Monday in a preliminary estimate.

In a letter to Sen. Edward M. Kennedy, D-Mass., Congressional Budget Office Director Douglas W. Elmendorf said the estimate was based on major provisions contained in an incomplete draft of the bill. He noted that "taking all of its provisions into account could change our assessment of the proposal's effects on the budget and insurance coverage rates though probably not by substantial amounts relative to the net costs already identified."

The CBO released its preliminary estimate as several congressional committees looked ahead to votes on legislation that President [Barack Obama](#) has placed atop his list of domestic priorities, and the chief executive appealed to the nation's doctors for support. Appearing in Chicago, Obama drew boos when he told the American Medical Association he opposes caps on damages that juries or judges may award in medical malpractice cases.

Ironically, several hours later, key House Democrats unveiled a plan to pour nearly \$300 billion into increased physician payments in Medicare over the next decade. Under current law, doctors face a steep, 21 percent cut in Medicare fees in January, and further reductions in each of the next four years.

Obama has proposed reducing overall costs within the [health care](#) system at the same time coverage is extended to an estimated 50 million who lack it. He also has vowed the legislation will not add to the deficit, and so far, has proposed nearly \$1 trillion in savings through spending cuts and tax increases to finance the overhaul.

Many of the cuts would fall on major health care providers and will be politically difficult to support for many Democrats in Congress.

Eager to minimize the political risk, the White House and top aides on the Senate Finance Committee are both negotiating directly with the pharmaceutical industry, officials said during the day, in hopes of winning its agreement on savings in the neighborhood of \$75 billion over the next decade.

Some of these officials said both the White House and congressional officials initially asked PhRMA to agree to \$100 billion or more in cuts from anticipated government payments from programs like Medicare and Medicaid. The officials declined to be identified by name, citing the confidentiality of the negotiations.

The requests were rebuffed, although the discussions are continuing. Obama called on Saturday for \$75 billion in savings to be achieved by lower drug prices in the program that provides pharmaceutical coverage to Medicare beneficiaries.

Peter Orszag, Obama's budget director, said over the weekend that the White House's top health official, Nancy-Ann DeParle, "is in discussions with stakeholders over the best way of achieving that \$75 billion."

He added, "There are multiple proposals that are possible to achieve them."

As an example, a fact sheet distributed by the White House said costs could be reduced for drugs received by beneficiaries eligible for both Medicaid and Medicare. "The administration is working with the Congress to develop the most appropriate policy to achieve these savings," it said.

Medicare principally covers seniors, while Medicaid is a state-federal health care program for the poor.

Other officials, speaking on condition of anonymity, described contacts between aides to Sen. Max Baucus, D-Mont., chairman of the Finance panel, and the pharmaceutical industry.

Ken Johnson, senior vice president of PhRMA, declined to provide any details. "Improving and expanding patient care remains our top priority but we have a big concern about how far we can go in helping to enact health care reform without jeopardizing innovation," he said.

Similarly, Finance Committee aides have held similar discussions with other groups keenly interested in the health care issue, including hospitals, health insurance companies and physicians, according to several officials.

The CBO letter was the first from the independent agency on any of the major bills circulating in Congress.

Kennedy, chairman of the Senate Health, Education, Labor and Pensions Committee, is one of the driving forces in Congress behind health care overhaul, even though he remains away from the Capitol battling brain cancer.

A spokesman, Anthony Coley, said: "As the CBO letter indicates, this is an incomplete statement of an incomplete bill. We look forward to a

complete CBO estimate of a complete bill."

The CBO letter predicted that many Americans would gain coverage if Kennedy's legislation were implemented, while others would lose it.

"Once the proposal was fully implemented, about 39 million individuals would obtain coverage through the new insurance exchanges. At the same time, the number of people who had coverage through an employer would decline by about 15 million ... and coverage from other sources would fall by about 8 million," it said.

"The net decrease in the number of people uninsured would be about 16 million," Elmendorf wrote.

©2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: CBO: Senate bill \$1 trillion over 10 years (2009, June 16) retrieved 25 April 2024 from <https://medicalxpress.com/news/2009-06-cbo-senate-bill-trillion-years.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--