

# Budget office: Obama's health law reduces deficit

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In this Jan. 27, 2010 file photo, Congressional Budget Office (CBO) Director Douglas Elmendorf testifies on Capitol Hill in Washington. Will President Barack Obama's health care law increase the government's huge deficit or reduce it? How many people will it really cover? How much will it cost taxpayers? Congress' nonpartisan budget scorekeepers release their findings, the first in-depth look at the law since the Supreme Court ruled it constitutional. (AP Photo/Manuel Balce Ceneta, File)

(AP) — President Barack Obama's health care overhaul will shrink rather than increase America's huge federal deficits over the next decade, Congress' nonpartisan budget scorekeepers said Tuesday, supporting Obama's contention in a major election-year dispute with Republicans.

About 3 million fewer uninsured people will gain health coverage because of last month's [Supreme Court](#) ruling granting states more

leeway to opt out, and that will cut the federal costs by \$84 billion, the Congressional Budget Office said in the biggest changes from earlier estimates.

Republicans have insisted that "Obamacare" will actually raise deficits — by "trillions," according to presidential candidate Mitt Romney. But that's not so, the budget office said.

The office gave no updated estimate for total deficit reductions from the law, approved by Congress and signed by Obama in 2010. But it did estimate that Republican legislation to repeal the overhaul — passed recently by the House — would itself boost the deficit by \$109 billion from 2013 to 2022.

"Repealing the ([health care](#) law) will lead to an increase in budget deficits over the coming decade, though a smaller one than previously reported," budget office director Douglas Elmendorf said in a letter to Republican House Speaker John Boehner.

The law's mix of spending cuts and tax increases would more than offset new spending to cover uninsured people, Elmendorf explained.

Tuesday's budget projections were the first since the Supreme Court upheld most of the law last month but gave states the option of rejecting a planned expansion of federal Medicaid coverage for their low-income residents. As a consequence, the budget office said the law will cover fewer uninsured people.



President Barack Obama waves upon his arrival, Tuesday, July 24, 2012, at the 142nd Fighter Wing Oregon Air National Guard Base, in Portland, Ore. President Barack Obama has arrived in Oregon to raise money for his re-election campaign. (AP Photo/Rick Bowmer)

Thirty million uninsured people will be covered by 2022, or about 3 million fewer than projected this spring before the court ruling, the report said.

As a result, taxpayers will save about \$84 billion from 2012 to 2022. That brings the total cost of expanding coverage down to \$1.2 trillion, from about \$1.3 trillion in the previous estimate.

The Congressional Budget Office has consistently projected that Obama's overhaul will reduce the deficit.

When the health care law is fully in effect, 92 percent of U.S. citizens and legal residents are estimated to have coverage, as compared to 81 percent now.

Democrats hailed Tuesday's estimates as vindication for the president. "This confirms what we've been saying all along: the Affordable Care Act saves lots of money," said Senate Majority Leader Harry Reid.

Republicans said they remain unswervingly committed to repealing what they dismiss as "Obamacare." Romney says if elected he will begin to dismantle the law his first day in office.



In this Feb. 17, 2012 file photo, House Ways and Means Committee Chairman Rep. David Camp, R-Mich. walks to his office on Capitol Hill in Washington. Will President Barack Obama's health care law increase the government's huge deficit or reduce it? How many people will it really cover? How much will it cost taxpayers? Congress' nonpartisan budget scorekeepers release their findings, the first in-depth look at the law since the Supreme Court ruled it constitutional. (AP Photo/J. Scott Applewhite, File)

Medicaid has been one big question hanging over the future of Obama's law since the Supreme Court ruled.

Some Republican-led states, such as Texas and Florida, say they will not go forward with the expansion. Others are uncommitted, awaiting the voters' verdict on Obama in November.

Although the federal government would bear all of the initial cost of that expansion, many states would have to open their Medicaid programs to low-income childless adults for the first time.

CBO analysts did not try to predict which specific states would jump in and which would turn down the Medicaid expansion. Instead, they assumed that many states would eventually cut deals with the federal government to expand their programs to some degree.

The big coverage expansion under the [law](#) doesn't start until 2014, with middle-class uninsured people signing up for subsidized private plans and more low-income people picked up through Medicaid.

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