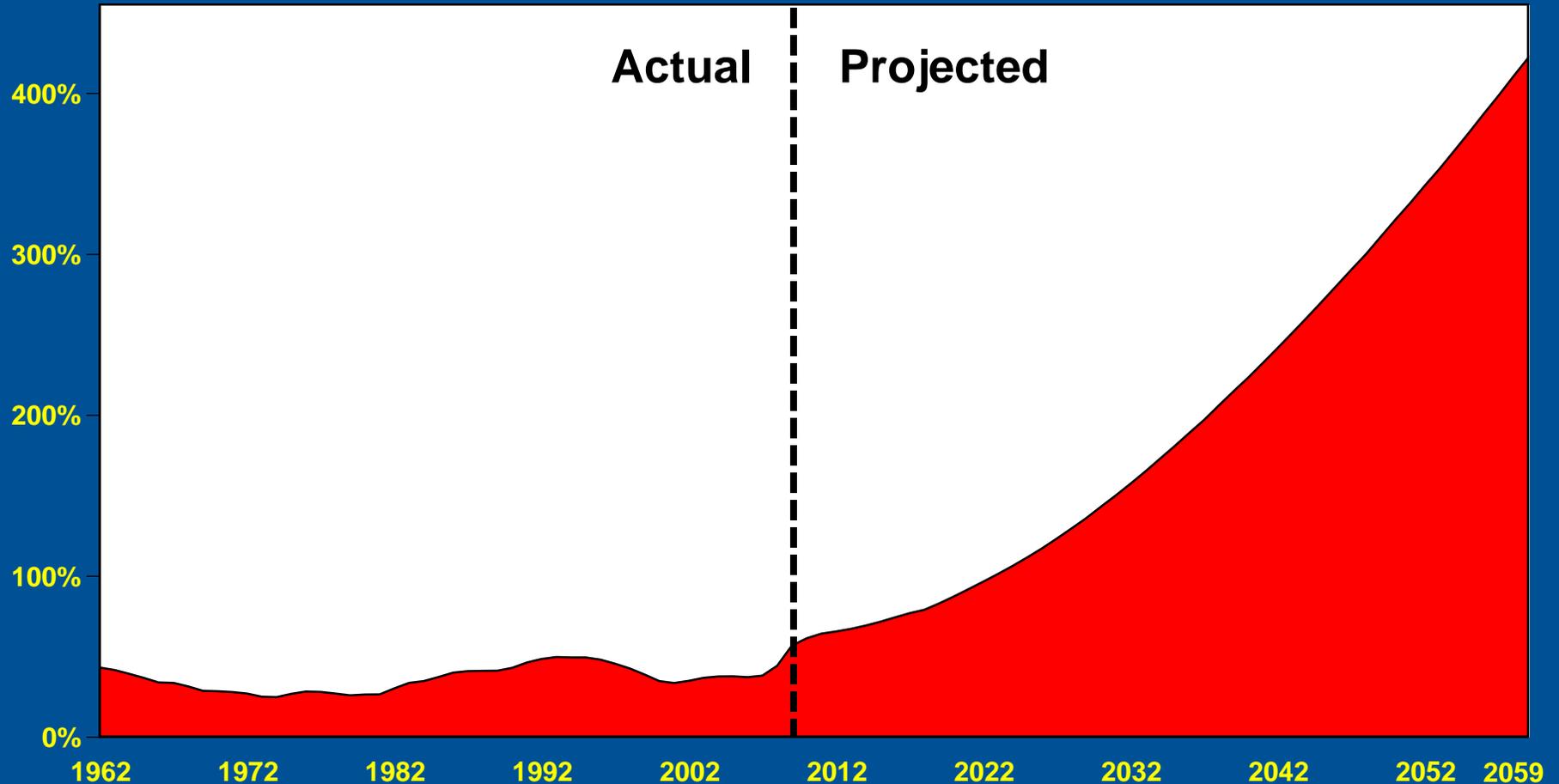


# Federal Debt Soars Under CBO Long-Term Budget Scenario

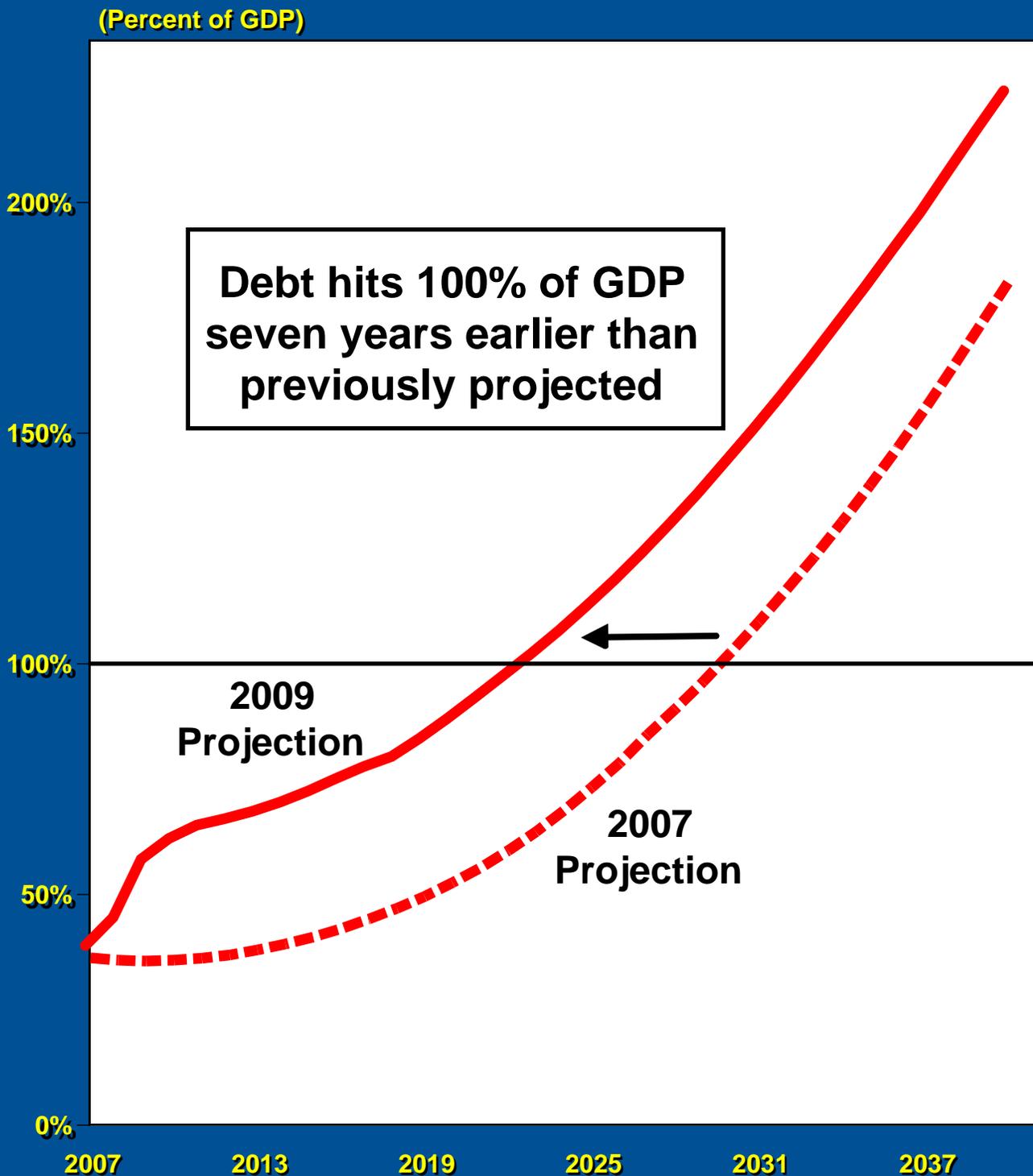
(Debt held by the public as a percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2009

Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.

# Debt Held by the Public Now Projected to Reach 100 Percent of GDP by 2023

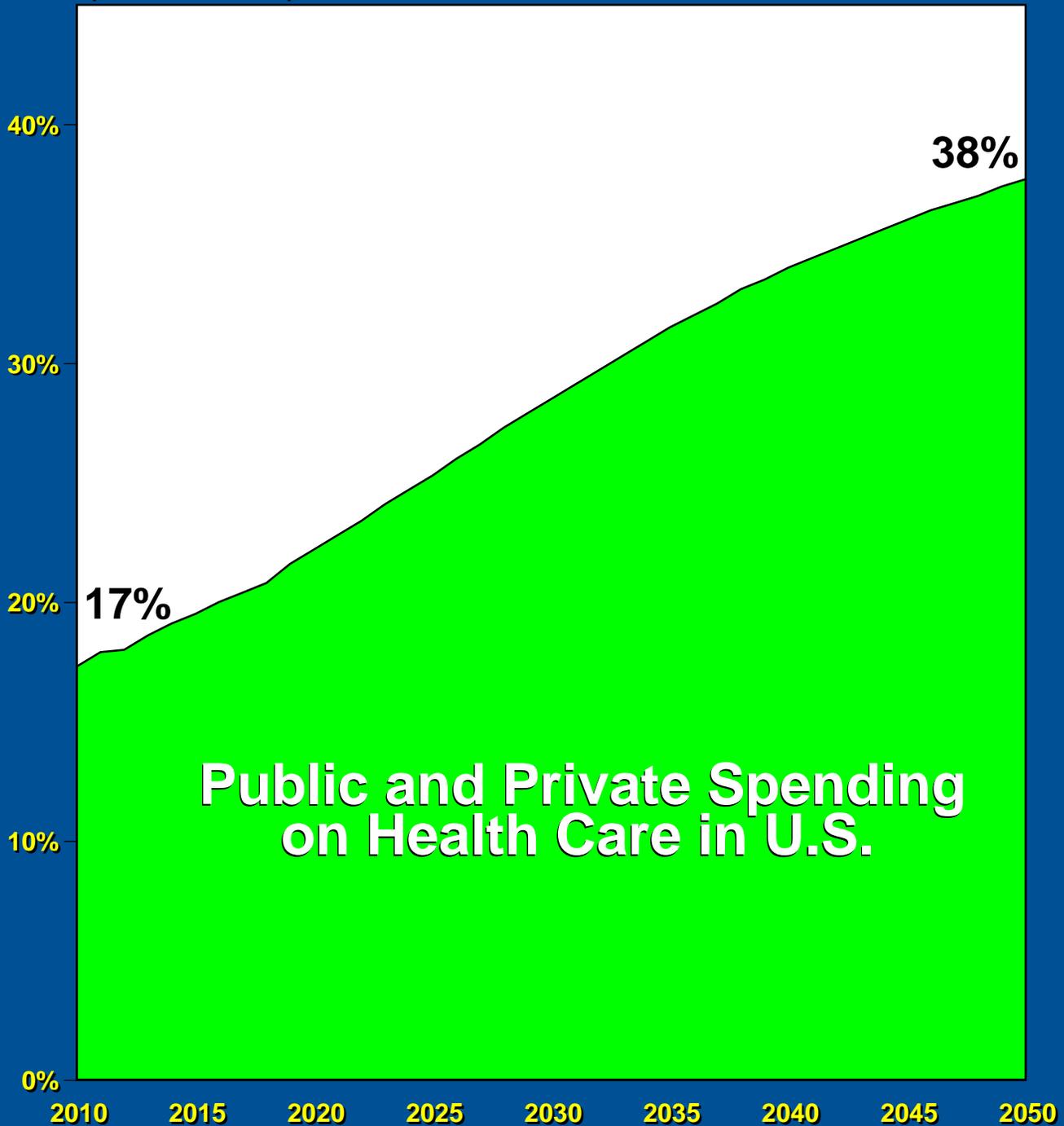


Source: CBO Long-Term Budget Outlook, June 2009

Note: CBO alternative fiscal scenario.

# Total Health Expenditures as Percent of GDP

(Percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2009

Note: Health spending under CBO's alternative fiscal scenario.

# **30 Percent of Health Spending May Not Contribute to Better Health Outcomes**

**“Although many Americans believe more medical care is better care, evidence indicates otherwise. Evidence suggests that states with higher Medicare spending levels actually provide lower quality care....**

**“We may be wasting perhaps 30% of U.S. health care spending on medical care that does not appear to improve our health.”**

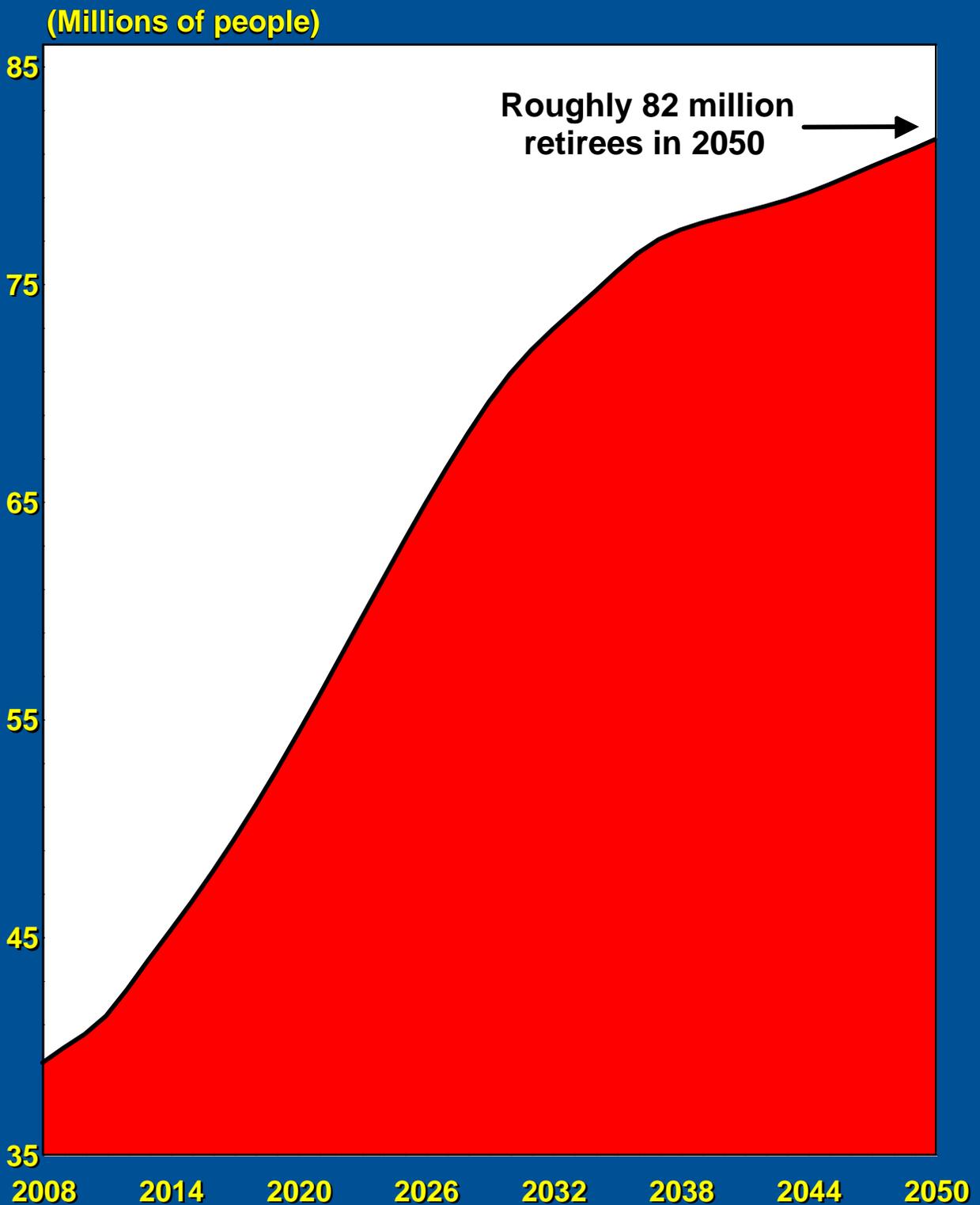
**– Dr. Elliott Fisher, Dartmouth Medical School  
“More Care is Not Better Care,”  
NIHCM Foundation’s *Expert Voices*  
January 2005**

# **Key Findings in CBO Letter to Conrad-Gregg on Health Reform and Long-Term Budget**

- **Without fundamental changes in organization and delivery of care, expanding coverage will worsen long-term outlook**
- **Paying for reform over 10 years does not guarantee long-term savings**
- **Focus should be on savings within health system that will grow over time**
- **Government has two powerful levers for controlling costs: changing Medicare payment rules and limiting tax exclusion for employer-sponsored insurance**
- **Identifying savings “game changers” will take time and experimentation**

– **CBO Letter to Senate Budget Committee Chairman Kent Conrad (D-ND) and Ranking Member Judd Gregg (R-NH)**  
**June 16, 2009**

# Baby Boom Generation Creates Demographic Tidal Wave



Source: 2009 Social Security Trustees Report  
Note: OASI beneficiaries

# **Former GAO Comptroller General Walker on Solving Nation's Fiscal Problems**

**“...[Y]ou’re going to need additional revenues – 18.2 percent of GDP won’t get the job done, even if you end up making entitlement restructuring and spending constraint. The gap is just too great. It’s going to have to be more than 18.2 [percent].”**

**– Former Government Accountability Office  
Comptroller General David Walker  
Testimony before Senate Budget Committee  
January 11, 2007**

# **CBO on Addressing Long-Term Budget Outlook**

**“The difficulty of the choices notwithstanding, CBO’s long-term budget projections make clear that doing nothing is not an option: Legislation must ultimately be adopted that raises revenue or reduces spending or both. Moreover, delaying action simply exacerbates the challenge...”**

**– CBO’s Long-Term Budget Outlook  
June 2009**