

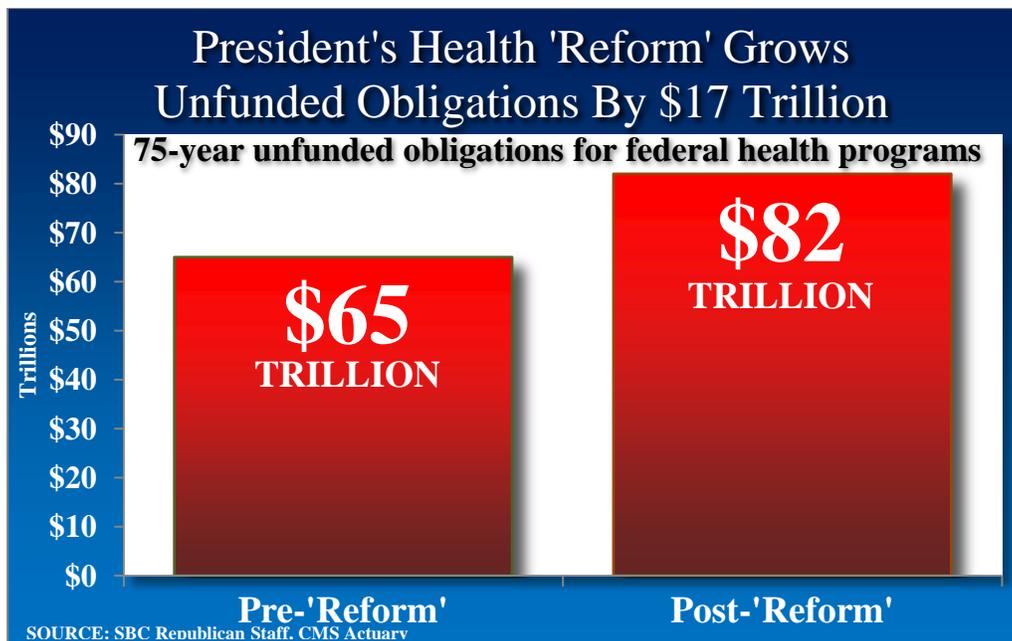


United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

President's Health 'Reform' Grows Unfunded Obligations By \$17 Trillion

Before President Obama's health care law was enacted, unfunded obligations for federal health programs totaled \$65 trillion over a 75-year period. The most recent Senate Budget Committee staff estimates show that after the law's passage, that figure has grown by \$17 trillion, to \$82 trillion.



Why we should be concerned that the law is adding to our unfunded obligations: We are challenged by both a short- and long-run debt problem. Unfunded obligations are an approximation of total federal spending that does not have a dedicated source of financing. The Office of the Actuary for the Centers for Medicare and Medicaid Services has calculated that the unfunded obligations for Medicare will total \$38 trillion over the next 75 years. The Social Security Trustees estimate that the unfunded obligations for Social Security will total \$7 trillion over the next 75 years. Before the president's health law was passed, total unfunded obligations for Medicaid exceeded \$20 trillion. The health care law adds \$17 trillion in new unfunded liabilities over a 75-year period by massively expanding the Medicaid program and creating new Exchange subsidies.

Where the unfunded liability estimate comes from: The \$17 trillion figure is an estimate produced by the Senate Budget Committee's minority staff and is based on the long-term model used by the Office of the Actuary at the Centers of Medicare and Medicaid Service to estimate federal health expenditures over a 75-year period. The assumptions and methodology used to build the model is from CMS's Office of the Actuary. Data on the cost of the Medicaid expansion and the premium subsidies in the 10-year window is from the Administration and the Congressional Budget Office.

How the \$17 trillion estimate was calculated: The \$17 trillion is the difference in the total discounted federal spending on health care (Medicare, Medicaid, CHIP, the Exchange subsidies) between the 75-year period immediately after the law was passed (2011–2085) and the 75-year period before the law was passed (2009–2083). The estimate accounts for the Medicare savings, but also includes the largest expansion of Medicaid in the program's history, as well as the new Exchange subsidies.