



## United States Senate Budget Committee

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### The Fiscal Impact Of The President's Health Spending Law

#### **Health Law Spends \$2.6 Trillion—Not \$900 Billion—Over Honest Ten-Year Window**

President Obama promised the American people, before a joint session of Congress in 2009, that we would spend approximately \$900 billion for the first ten years of his health law: “Now, add it all up, and the plan that I’m proposing will cost around \$900 billion over 10 years.”

As is well known, Democrats in Washington used an egregious accounting gimmick to produce a CBO score of \$938 billion for FY2010–2019—but this window covered only six years of spending, not ten. Also, and less widely known, this figure counts only a portion of the spending under the health law—the coverage provisions—and not the full gross cost. Thus, even under this manipulated window, the true cost of the bill is substantially higher. Adding up all the different provisions in the health care law (including the closing the ‘donut hole,’ implementation costs, and bureaucratic expenses), total gross spending during this false 10-year window (for six years of full spending) is \$1.4 trillion, based on the CBO estimates. CBO also recently released estimates for the window beginning this year and ending in 2022 (which still includes 2012 and 2013, two years when no real spending occurs), showing the cost of the coverage provisions alone is \$1.76 trillion.

But the true cost of the health spending bill is yet higher still. A complete and honest assessment of the ten-year cost of the president’s health care bill would include a full 10 years of spending under his plan starting in 2014. Adding up CBO’s estimates for the different provisions in the bill, the president’s health care law will amount to at least \$2.6 trillion over a true 10-year period (from FY2014–23)—not \$900 billion.

#### **Budget Gimmicks Hide Law’s True Deficit Impact**

In addition to delaying the major spending provisions during the original window, here are some of the other accounting tricks used by the bill’s drafters to manipulate the score from the Congressional Budget Office and hide its disastrous impact on the deficit from the American people:

- Double-counting Medicare savings (\$400 billion)
- Counting premiums from the already discredited CLASS Act (\$70 billion)
- Including unrelated student loan savings (\$19 billion)
- Relying on off-budget Social Security revenue (\$29 billion)
- Ignoring the cost of implementing the law (\$115 billion)
- Removing the ‘doc fix’ to hide its cost (\$208 billion)

Based on a more honest accounting, the law will significantly increase—not reduce—federal deficits. Former CBO director Douglas Holtz-Eakin has argued that under a realistic set of assumptions, the law will add *at least* \$500 billion to the deficit in its first ten years (FY2010–19) and more than \$1.5 trillion in its second ten years (FY2020–29).