

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
on CBO Estimate of Senate Finance Committee Health Reform Plan
October 8, 2009**

I have come to the floor very briefly to talk about the Congressional Budget Office's score of the health care reform proposal that is before the Senate Finance Committee.

I understand that earlier today there were members on the other side who were questioning whether the Finance Committee's proposal is paid for and whether it reduces the deficit and whether it bends the cost curve of health care in the right way.

Let me say that the Congressional Budget Office has now issued their determination on all those issues. Their conclusions are very clear. The Congressional Budget Office has said -- and I will put on the chart stand a page from their report. It shows very clearly, over the 10 years of the bill, from 2010 to 2019, that the deficit will be reduced by \$81 billion if the Finance Committee proposal were to become law.

With respect to the question that apparently has been raised by some, as to whether this bill is paid for, the Congressional Budget Office has answered clearly and unequivocally. They have said the bill is not only paid for over the 10 years, but it actually reduces the deficit by \$81 billion.

Second, on the longer term question of bending the cost curve and whether this proposal bends the cost curve in the right way, the Congressional Budget Office has also been clear and unequivocal. Here is what they said in their report of October 7, just yesterday:

"In subsequent years, beyond 2019, the collective effect of the Finance plan would probably be continued reductions in Federal budget deficits.

"...CBO expects that the proposal, if enacted, would reduce federal budget deficits over the ensuing decade relative to those projected under current law -- with a total effect during that decade that is in the broad range of between one-quarter and one-half percent of gross domestic product."

What does that mean? What CBO is saying is in the first 10 years, the Finance Committee plan would reduce the deficit by \$81 billion. In the second decade, they are saying it would reduce the deficit by one-quarter to one-half percent of gross domestic product. Gross domestic product over that decade, the second decade, is estimated to be cumulatively \$260 trillion. That would be the gross domestic product of the United States from 2020 on through the next 10 years. One-quarter percent of \$260 trillion is \$650 billion of deficit reduction in the second 10-year period. That would be one-quarter of 1 percent of GDP. One-half percent of GDP over that second 10-year period would be \$1.3 trillion.

Just to be clear, CBO has told us in their report of yesterday -- and the Congressional Budget Office is the nonpartisan scorekeeper, the one we all look to for objective facts -- that the Finance Committee proposal reduces the deficit by \$81 billion over the next 10 years and in the

second 10 years would reduce the deficit by one-quarter to one-half percent of gross domestic product.

No one can be certain what the gross domestic product will be in the second 10 years. Current projections are that it will be \$260 trillion. So one-quarter to one-half percent of that second decade would be a reduction in the deficit from what would otherwise occur of \$650 billion to \$1.3 trillion, bending the cost curve in the right way.

I might add parenthetically, the Finance Committee plan is the only plan that has been produced that the Congressional Budget Office says reduces the deficit in the first 10 years and bends the cost curve in the right way, has further deficit reduction, in the second 10 years.

I am a little disappointed when I hear some of my colleagues coming to the floor and suggesting that this really isn't paid for. We have a way of determining what scores are around here. We can all make up our own facts or we can rely on the Congressional Budget Office, which is the objective scorekeeper, nonpartisan. I have great respect for them even though I have had strenuous disagreements with them at times about how they score things. Indeed, I had strong disagreements with them on how they scored some of these proposals. But there has to be an arbitrator here, somebody we look to, someone with credibility, and the Congressional Budget Office does.

For Members to come to the floor and suggest this isn't paid for flies in the face of the facts before us from the CBO. The Congressional Budget Office reported yesterday clearly and unequivocally that the Finance Committee plan is paid for; that it, in fact, reduces the deficit by \$81 billion over the next 10 years; that it has further deficit reduction in the second decade of one-quarter to one-half percent of GDP. As I have said, in the second 10 years the forecast is that gross domestic product over that 10-year period will approach \$260 trillion. One-quarter to one-half percent of that amount would be \$650 billion to \$1.3 trillion of additional deficit reduction in the second decade. Those are the unvarnished facts. I hope that during the debate, which will be tough enough, which will be contentious enough, we will not resort to trying to mislead people as to the objective facts before us.

It has been said by a previous President that facts are stubborn things. Indeed, they are. One of the stubborn facts is, we are on a course that is utterly unsustainable with respect to health care. Today, we are spending \$1 of every \$6 in this economy on health care. Seventeen percent of the gross domestic product is going to health care. The CBO long-term budget outlook says that in the next period from 2010 to 2050, we will go to spending 38 percent of our gross domestic product on health care unless we do something. That would be more than \$1 of every \$3 in this economy going to health care; in fact, close to every \$1 of every \$2.50 going to health care. That is an unsustainable course.

The question before this body and before the Congress and before this President will be, Do we act or do we stick with the status quo? I suggest sticking with the status quo is utterly indefensible. There is no way to suggest that sticking with the status quo is going to succeed for America's families, businesses, or the government itself.

The hard reality is, Medicare and Medicaid spending as a percentage of GDP is going up dramatically during this forecast period. It has been happening. This chart shows clearly, between 1980 and 2009, the share of our gross domestic product going to Medicare and Medicaid has been rising inexorably. We know that trend will continue unless we do something about it. That means we have to act. That means we have to take responsible steps to rein in the skyrocketing cost of health care. That is critically important to families, businesses, and their competitive position, and it is absolutely essential to the Federal Government. The trustees of Medicare have told us clearly: Medicare is going to go broke in 8 years unless we act. The Medicare trust fund has already gone cash-negative. The Social Security trust fund has already gone cash-negative. The time and the need for action is about as clear as it can possibly be.

I appreciate the opportunity to respond to what some colleagues suggested this morning. It is clear -- the Congressional Budget Office has told us -- that the Finance Committee proposal is not only paid for, it actually reduces the deficit both over the next 10 years and over the next decade after that 10-year period as well. That is a significant accomplishment by the Finance Committee chairman who laid down this mark. We will see where the votes lie on Tuesday.