



BUDGET COMMITTEE

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Senator Gregg: CBO Director Elmendorf Confirms That Democratic Health Reform Plan Will Grow Federal Health Care Spending Significantly

In a Senate Budget Committee hearing today, Congressional Budget Office (CBO) Director Douglas Elmendorf confirmed to Chairman Kent Conrad (D-ND) and Ranking Member Judd Gregg (R-NH) that the health care reform legislation reported by the Senate Health, Education, Labor and Pensions Committee in fact “significantly expands the federal responsibility for health care costs.”

“As a country, we are already spending more than 17% of GDP on health care, said Senator Gregg. “The Obama Administration has repeatedly said that getting health care costs under control is a key factor in addressing the nation’s long-term fiscal crisis. But as Dr. Elmendorf today confirmed, the majority’s health care reform plan increases the sharp upwards trajectory of health care spending.

“In fact, we have a cost estimate for some sections of the bill, which shows it increases spending by more than \$868 billion in the first ten years,” said Senator Gregg. “It fails to reflect the true cost of the fully-implemented plan, which will cost more than \$1.5 trillion over ten years without including an expected Medicaid expansion that could be as much as \$700 billion. The House proposal increases spending even more, and even the Administration has expressed concerns and urged changes because it fails to address long-term costs.”

“Dr. Elmendorf today gave a sobering perspective on the implications of the majority’s health care reform plan,” said Senator Gregg. “He indicated that the present plans contain no significant changes to reduce federal costs relative to reimbursement and the overall health care structure; that many Americans won’t see their insurance premiums go down and they may even go up; and that while the nation’s debt continues to rise to unsustainable levels, there is little in these reform plans that will do anything but make it worse.

“That is a severe assessment from an objective and non-partisan agency – I think it is a failing grade. Americans deserve meaningful health care reform, but the majority’s plan falls far short. I think we need to go back to the drawing board and find better solutions, not steamroll our country into a wildly-expensive but ineffective government-run plan

that will only drive health care costs higher for all Americans while still leaving millions uninsured.”

Excerpts from CBO Director Elmendorf’s testimony during Q&A:

- “...In the legislation that has been reported, we do not see the sort of fundamental changes that would be necessary to reduce the trajectory of health spending by a significant amount. And on the contrary the legislation significantly expands the federal responsibility for health care costs.”
- “... The creation of new subsidies for health insurance, which is a critical part of expanding health insurance coverage in our judgment, would by itself increase the federal responsibility for health care. That raises federal spending on health care, it raises the amount of activity that is growing at this unsustainable rate...”
- “...The changes we have looked at so far do not represent the sort of fundamental change on the order of magnitude that would be necessary to offset the direct increase in federal health costs included in the insurance coverage proposals.”