



The Real Cost of Health Care

“Americans don’t want a government takeover of health care.”

The following are remarks made by Congressman Paul Ryan of Wisconsin, the ranking Republican on the House Budget Committee, about the cost of the House and Senate health care bills at President Obama’s Blair House summit on health care, Feb. 25, 2010.

Look, we agree on the problem here. And the problem is health inflation is driving us off of a fiscal cliff.

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Now, you’re right to frame the debate on cost and health inflation. And in September, when you spoke to us in the well of the House, you basically said—and I totally agree with this—I will not sign a plan that adds one dime to our deficits either now or in the future.

Since the Congressional Budget Office can’t score your bill, because it doesn’t have sufficient detail, but it tracks very similar to the Senate bill, I want to unpack the Senate score a little bit.

Mr. President, you said health care reform is budget reform. You’re right. We agree with that. Medicare, right now, has a \$38 trillion unfunded liability. That’s \$38 trillion in empty promises to my parents’ generation, our generation, our kids’ generation. Medicaid’s growing at 21 percent each year. It’s suffocating states’ budgets. It’s adding trillions in obligations that we have no means to pay for . . .

And if you take a look at the CBO analysis—analysis from your chief actuary—I think it’s very revealing. This bill does not control costs. This bill does not reduce deficits. Instead, this bill adds a new health care entitlement at a time when we have no idea how to pay for the entitlements we already have.

Now let me go through why I say that. The majority leader said the bill scores as reducing the deficit \$131 billion over the next 10 years. First, a little bit about CBO. I work with them every single day—very good people, great professionals. They do their jobs well. But their job is to score what is placed in front of them. And what has been placed in front of them is a bill that is full of gimmicks and smoke-and-mirrors.

Now, what do I mean when I say that? Well, first off, the bill has 10 years of tax increases, about half a trillion dollars, with 10 years of Medicare cuts, about half a trillion dollars, to pay for six years of spending.

Now, what’s the true 10-year cost of this bill in 10 years? That’s \$2.3 trillion.

[The Senate bill] does [a] couple of other things. It takes \$52 billion in higher Social Security tax revenues and counts them as offsets. But that’s really reserved for Social Security. So either we’re double-counting them or we don’t intend on paying those Social Security benefits.

It takes \$72 billion and claims money from the CLASS Act. That’s the long-term care insurance program. It takes the money from premiums that are designed for that benefit and instead counts them as offsets.

The Senate Budget Committee chairman [Kent Conrad] said that this is a Ponzi scheme that would make Bernie Madoff proud.

Now, when you take a look at the Medicare cuts, what this bill essentially does [is treat] Medicare like a piggy bank. It raids a half a trillion dollars out of Medicare, not to shore up Medicare solvency, but to spend on this new government program.

. . . [A]ccording to the chief actuary of Medicare . . . as much as 20 percent of Medicare's providers will either go out of business or will have to stop seeing Medicare beneficiaries. Millions of seniors . . . who have chosen Medicare Advantage will lose the coverage that they now enjoy.

You can't say that you're using this money to either extend Medicare solvency and also offset the cost of this new program. That's double counting.

And so when you take a look at all of this; when you strip out the double-counting and what I would call these gimmicks, the full 10-year cost of the bill has a \$460 billion deficit. The second 10-year cost of this bill has a \$1.4 trillion deficit.

. . . [P]robably the most cynical gimmick in this bill is something that we all probably agree on. We don't think we should cut doctors [annual federal reimbursements] 21 percent next year. We've stopped those cuts from occurring every year for the last seven years.

We all call this, here in Washington, the doc fix. Well, the doc fix, according to your numbers, costs \$371 billion. It was in the first iteration of all of these bills, but because it was a big price tag and it made the score look bad, made it look like a deficit . . . that provision was taken out, and it's been going on in stand-alone legislation. But ignoring these costs does not remove them from the backs of taxpayers. Hiding spending does not reduce spending. And so when you take a look at all of this, it just doesn't add up.

. . . I'll finish with the cost curve. Are we bending the cost curve down or are we bending the cost curve up?

Well, if you look at your own chief actuary at Medicare, we're bending it up. He's claiming that we're going up \$222 billion, adding more to the unsustainable fiscal situation we have.

And so, when you take a look at this, it's really deeper than the deficits or the budget gimmicks or the actuarial analysis. There really is a difference between us.

. . . [W]e've been talking about how much we agree on different issues, but there really is a difference between us. And it's basically this. We don't think the government should be in control of all of this. We want people to be in control. And that, at the end of the day, is the big difference.

Now, we've offered lots of ideas all last year, all this year. Because we agree the status quo is unsustainable. It's got to get fixed.

It's bankrupting families. It's bankrupting our government. It's hurting families with pre-existing conditions. We all want to fix this.

But we don't think that this is the . . . the solution. And all of the analysis we get proves that point.

Now, I'll just simply say this. . . . [W]e are all representatives of the American people. We all do town hall meetings. We all talk to our constituents. And I've got to tell you, the American people are engaged. And if you think they want a government takeover of health care, I would respectfully submit you're not listening to them.

So what we simply want to do is start over, work on a clean-sheeted paper, move through these issues, step by step, and fix them, and bring down health care costs and not raise them. And that's basically the point. ★

