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## CRFB to President Obama: It's All about Costs September 9, 2009

The Committee for a Responsible Federal Budget urges President Obama to make slowing the growth of health care costs the main focus of his health care speech tonight.

The Administration has been calling for controlling costs as part of both health care reform and responsible budget policy. It will be up to the President to make sure Congress follows through on his vision of improving the budgetary trends in the U.S. by slowing the growth of skyrocketing health care costs.

"The White House has been steadfast in its calls to bend the health care cost curve," said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. "Without Presidential leadership, it is unlikely that the most important parts of a reform plan - slowing health care cost growth -- will play a sufficient role in the plan. And without serious efforts to rein in Medicare and Medicaid, I don't see how we can afford to expand coverage. Those programs are on a path to break the bank at a time when we're already in real fiscal danger."

Absent policy change, Medicare and Medicaid are expected to double from 5 percent of GDP today to 10 percent by 2035, and continue to grow to nearly 20 percent of GDP by the end of the 75-year budget window.

Some of the most promising cost control options include bundling payments in Medicare, increasing consumer cost-consciousness, reducing payments for less effective procedures and treatments, and limiting the tax exclusion for employer-provided health insurance. Absent political will to enact some of these measures, it might also help to outsource some of the tougher decisions to an independent body.

"Addressing growing health care costs isn't just an important part of health care reform, it's absolutely vital," said MacGuineas. "As the President and Congress regroup this fall, they need to make sure controlling costs are at the center of the agenda."

Visit *The Bottom Line* at <http://www.crfb.org/blog> for our commentary both before and after the President's address.