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**Cost Control Needs to Be the Centerpiece of Health Care Reform**  
**March 11, 2010**

Today, CBO released updated estimates for the Senate health care bill, finding that it would reduce ten-year deficits by \$118 billion (or \$48 billion when the CLASS Act is excluded). As policymakers work to modify this bill, they must keep the focus on cost control, ensuring the final package makes significant strides in controlling public and overall health care costs.

Although the rules governing the reconciliation process require that any amendments to the Senate bill be deficit neutral, this is not enough. The bill should keep and expand upon measures which have the potential to truly hold down costs. Accordingly, the Independent Payment Advisory Board (the "Medicare Commission") and the excise tax on high-cost insurance plans (the "Cadillac tax") should be strengthened, and certainly not weakened or dropped from a final package.

"It isn't enough to simply offset costs with a new tax increase or spending cut," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "Medicare and Medicaid are the two biggest threats to our fiscal health – and we need a bill which dramatically slows their growth."

The Medicare Commission would control costs by making changes to Medicare payments, which would automatically be implemented unless overridden by Congress, whenever costs grew faster than a certain rate. The excise tax would indirectly reduce the current tax preference for private health insurance, which most economists believe drives up costs.

In addition to maintaining and strengthening these provisions, we encourage Congress to add other cost control and deficit-reduction measures. Many of these currently are being considered, including provisions to reduce fraud and waste, encourage more consumer cost-consciousness, and enact or provide incentives for medical malpractice reform.

"Frankly, the bills have already been watered down way too much. We need to get back to discussing ways to seriously address the cost curve," said MacGuineas. "It's not a coincidence that many of the fence-sitters in Congress want to see more on cost containment before they will support reform; containing health care costs is essential for avoiding a fiscal crisis."