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## Senate Finance Bill is Good Start on Health Care Cost Control October 13, 2009

Today, the Senate Finance Committee passed the America's Healthy Future Act. The roughly \$900 billion piece of legislation would expand insurance coverage to 29 million of the 53 million uninsured individuals by 2019, while reducing the ten year deficit by \$81 billion (see <http://crfb.org/blogs/cost-finance-committee-health-care-bill>). In the following decade, CBO estimates the bill would reduce the deficit by between a fourth and a half of a percent of GDP.

"We're glad the Finance Committee is taking their fiscal obligations seriously," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "In the face of trillion dollar deficits and with Medicare headed off a cliff, we need to reduce – not increase – our budgetary obligations. This bill is a minimum standard for what health reform must do."

"We do have a number of serious concerns about this bill. For one, we do not think it is appropriate to rely on timing gimmicks to meet certain fiscal goals, as this bill does. Additionally, we worry that failing to update Medicare physician payments beyond 2010 will leave over \$200 billion of updates for future Congresses to deficit-finance. And finally, the bill needs to do a lot more to rein in Medicare's and Medicaid's unsustainable long-term costs."

In early July, US Budget Watch released a number of options to help pay for health care reform (<http://crfb.org/document/options-pay-health-care-reform>). Among those absent from the Finance bill, which could both help pay for physician payment updates and slow long-term costs, include:

- Replacing the excise tax with a cap on employer-sponsored insurance tax exclusion at the 75<sup>th</sup> percentile of premium costs - **\$160 billion**
- Increasing cost-consciousness in Medicare through a unified deductible, uniform coinsurance, and catastrophic limit - **\$26 billion**
- Restricting Medigap coverage of Medicare's cost-sharing - **\$41 billion**
- Reducing Medicare payment rates in high-spending areas - **\$51 billion**
- Enacting medical malpractice liability reform - **\$54 billion**

"We need to get as much out of this bill, in terms of cost control, as possible," said MacGuineas. "My fear is that the political system will push us the other way – toward more generous spending, and less vigorous measures to offset and control costs. We're already seeing this with calls to remove the excise tax on high cost plans. We simply can't afford calls like those."