



COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

SGR Plan Would Add \$500 Billion to the Debt By 2035 March 25, 2015

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The House this week will vote on legislation to permanently replace Medicare's Sustainable Growth Rate with a new formula, and offset one-third of the legislation's \$210 billion ten-year costs. Based on CBO estimates, CRFB [finds](#) this bill would add \$500 billion to the debt by 2035.

Maya MacGuineas, president of the Committee for a Responsible Federal Budget, issued this statement.

"When we call for bipartisanship, this isn't what we mean. It's easy to be bipartisan when adding debt. The parties need to come together to improve our unsustainable fiscal situation, not to worsen it.

"While it is encouraging that Congress has agreed to a permanent fix to the SGR, it is unacceptable for that fix to add so much to Medicare spending and the debt.

"With only one-third of the costs paid for, this bill would increase federal health spending by \$141 billion over the next decade, according to CBO. Worse, [we find](#) this bill would add roughly *half a trillion dollars* to the debt by 2035.

"Offsetting less than a third of the cost of the legislation is discouraging and simply unacceptable. Supporters argue that something is better than nothing. But marathon runners don't get trophies for quitting after five miles, and Washington shouldn't be applauded for partially abiding by PAYGO.

"Since 2004, roughly [98 percent](#) of "doc fixes" have been paid for. There is no reason to end that precedent now. The costs of the SGR bill total only about half the savings in the President's budget and one-third of the savings in Simpson-Bowles. CRFB's [PREP plan](#) would fully offset the costs with a mix of improvements to provider and beneficiary incentives.

"Finding offsets isn't the problem; finding the political will is.

"With the time remaining, Congress should either generate sufficient offsets for a permanent fix, use the agreed-upon offsets to fix the SGR for a few years, or pass a paid-for, short-term extension and spend the remainder of this year actually working on a more responsible solution."

Click [here](#) for CRFB's analysis of the cost of the bill.

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