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**Senate Health Bill Needs Stronger Focus on Cost Control
November 19, 2009**

Late yesterday, Senate Majority Leader Harry Reid introduced the Patient Protection and Affordable Care Act. The \$848 billion bill would reduce the deficit by \$130 billion over the next decade, although \$72 billion comes from the CLASS Act, which most experts do not consider an authentic offset. In the next decade, the bill would reduce the deficit by around one quarter of one percent of GDP.

Although this deficit reduction represents an important step in controlling the debt, this bill does not go far enough in controlling long-term health care costs or bringing Medicare and Medicaid under control.

“The original Senate Finance bill was projected to save half a percent of GDP in the second decade, the next version a quarter to a half, and this version only a quarter,” said Maya MacGuineas, President of the Committee for a Responsible Federal Budget. “Considering the dismal state of our budget, we need to do better.”

The Senate bill includes two important offsets that are not in the House bill, which are likely to slow health care cost growth: a tax on high cost health insurance plans, and a commission to reform and reduce Medicare payments. Unfortunately, the scope of both provisions has been narrowed in this bill. It reduces the strength of the commission by increasing the cost threshold the commission has before it can cut costs, and it amends the tax to apply to plans of \$8,500 (\$23,000 for families), as opposed to \$8,000 (\$21,000 for families). Replacing these pay-fors is an increase in the Medicare payroll tax for high earners. Additionally, some of the deficit reduction to meet the \$900 billion threshold comes from timing delays that push back the start date for most of the coverage provisions.

“While this bill does a better job than the House version at reducing the deficit and controlling costs, it still doesn’t do enough,” MacGuineas concluded. “Given the political system’s aversion to tax increases and spending cuts, I worry about what the final bill will look like; politicians need to refocus their energy on the critical priority of controlling costs.”