

CQ: Budget Office Will Score Senate Finance's Health Care Bill Over 20 Years

By David Clarke, CQ Staff

The Congressional Budget Office will likely provide a cost estimate of health care overhaul legislation being written by the Senate Finance Committee that will go beyond the normal 10-year time frame, Senate Budget Chairman Kent Conrad said Monday.

Proponents hope that a broader analysis will allay concerns of both lawmakers and the public over the measure's long-term fiscal impact.

In his address to Congress on Sept. 9, President Obama attempted to assuage concerns that the overhaul would be a budget-buster by vowing that he would not sign any health care bill that adds "one dime to the deficit, now or in the future."

CBO normally only estimates, or "scores," the cost of a bill over 10 years, by measuring how much it would affect the deficit during that period. Conrad, D-N.D., said CBO will now likely estimate the cost of the bill over 10 additional years, so that it can be measured against a 20-year period.

The Budget chairman said he was not sure exactly how CBO would score the cost of the bill in the second 10 years. His understanding, he said, is that it would measure the bill's deficit impact during that time as a percentage of gross domestic product (GDP), rather than with specific figures.

"This will be very clear whether it reduces spending or not," Conrad said.

Normally CBO scores how much a bill adds to or decreases the deficit each year during the first 10 years of its enactment, but this would be difficult to do with any precision in a second decade. What CBO will likely do, a Democratic aide said, is provide an estimate — as a percentage of GDP — for the effect on the deficit over the whole second 10-year period.

This would give Congress an idea of the measure's effect on the deficit beyond the normal 10-year window without asking for specific year-by-year numbers. CBO could also describe what elements of the bill led it to this estimate.

In addition to leading the Budget panel, Conrad is a key member of the Finance Committee, which is expected to release its health care bill this week. If the Senate Finance bill is scored as not only being

deficit-neutral over the first 10 years but as holding down costs in the following decade, its authors will have ammunition, given the president's comments, for why it should be the basis of whatever Democrats try to pass.

In general, budget estimates of a bill's cost can be unreliable over a 10-year period, let alone beyond that. But cost is a critical issue in the health care debate and has helped slow Obama's drive. The administration and many congressional Democrats say a chief goal of their effort is to "bend the curve" on health care spending over time so that it no longer grows at a rate much greater than inflation and the overall economy.

From a budget perspective, Obama and congressional Democrats have said the legislation should have two goals: It should not add to the deficit over the next 10 years, and it should contain policies that will slow the growth in health care spending, primarily through efficiencies, after that.

But CBO Director Douglas Elmendorf told the Senate Budget Committee on July 16 that the bills advanced in the House (HR 3200) and by the Senate Health, Education, Labor and Pensions Committee would not meet the second goal.

"On the contrary," he said, "the legislation significantly expands the federal responsibility for health care costs."

CBO did not officially score the cost of those measures beyond the first 10 years, but an analysis by The Lewin Group said that the House bill would add more than \$1 trillion to the deficit in the second decade of its enactment. The Lewin Group is a consulting firm that is part of UnitedHealth Group, a major insurer, and the analysis was paid for by the Peterson Foundation, a group that argues that the cost of entitlement programs needs to be reined in.