

## MEMORANDUM

TO: Reporters and Editors  
FR: Jill Kozeny, 202-224-1308, for Senator Chuck Grassley  
RE: CBO revised score  
DA: Thursday, March 11, 2010

Senator Chuck Grassley issued the following comment about the revised score issued today by the Congressional Budget Office about the health care reform bill passed by the Senate on December 24. Senator Grassley is Ranking Member of the Committee on Finance.

“Once again, the nonpartisan experts are clearly stating that the pending legislation raises taxes, cuts Medicare, and increases health insurance premiums. The Congressional Budget Office confirms what the White House’s own actuary has been saying for months, that the Senate bill will increase government spending on health care even more than it is today. What’s more, the revised score still leaves out billions of dollars in administrative costs that haven’t been incorporated, meaning the new program would increase the deficit and raid Social Security and long-term care premiums even more than it already does. These policies are a far cry from what people hoped and expected health care reform to accomplish. The claim of deficit reduction has been shown to be false, and the common-sense view that the proposed overhaul is fiscally irresponsible is validated with this report today. Remember also that the Congressional Budget Office must score legislation as if a future Congress will not change any provisions that carry political difficulty, like the deep cuts to Medicare that are likely to jeopardize access for beneficiaries, and that’s a shaky assumption.”

Additional information from the Finance Committee Republican staff:

According to a Finance Committee Republican staff analysis, the revised score from the Congressional Budget Office makes clear that claims that the bill reduces the deficit will result in a raid on Social Security and CLASS Act premiums. The bill has to rely on at least about \$25 billion in Social Security and CLASS Act premiums to be fully offset. If supporters are to claim they are going further and reducing the deficit, then the proposal raids \$52 billion from Social Security premiums and \$70 billion of CLASS Act premiums.

The claim that the bill reduces the deficit ignores the fact that those “savings” are actually \$52 billion in premiums to Social Security and \$70 billion in premiums to the CLASS Act. Those revenues are dedicated instead to funding those programs. Prior to now, the bill was fully offset if the Social Security and CLASS Act premiums were more honestly taken into account and not claimed for deficit reduction. But now with the new estimate, the net effect of the bill has been reduced to \$118 billion from \$132 billion, which is not even enough to cover even the Social Security and CLASS Act premiums. This reality is further underscored when one takes into account that the jobs bill that passed yesterday took \$8 billion from the Medicare Improvement Fund. Those funds can no longer be counted in the estimates for health reform although this is not yet reflected in the CBO score released today.

Furthermore, the Congressional Budget Office also notes that it assumes \$10-20 billion in administrative costs at the Internal Revenue Service and the Department of Health and Human Services for implementation. Additionally, the revised score highlights a \$50 billion figure for grants that was not in the last estimate. The funding to cover these costs is not included in the bill, so the net budget effect is even less than the \$118 billion, by these amounts, making it that much more than the bill is effectively raiding from Social Security and CLASS Act premiums even before supporters claim they are also taking those premiums for deficit reduction.

Again, deficit reduction claims are predicated on using funds paid into Social Security and premiums paid to the CLASS Act which are instead supposed to be strictly set aside to fund the benefits for these respective programs. The bill has to rely on at least about \$25 billion in Social Security and CLASS Act premiums to be fully offset. If supporters of the health care reform bill claim the bill goes further and reduces the deficit, then it raids \$52 billion from Social Security premiums and \$70 billion of CLASS Act premiums.

Finally, when the Senate debate on the health care reform bill began in November, the Democratic leadership asked unanimous consent that any amendments that spent CLASS Act premiums be ruled out of order during floor consideration of their bill. With this updated CBO score, the health care reform bill no longer could meet that standard.