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FIVE BUDGET REASONS TO REPEAL THE DEMOCRATS' COSTLY NEW HEALTH CARE LAW

1. **Take away smoke and mirrors and law adds over $700 billion to deficits:** Democrats' score excludes the $115 billion needed to implement the law; double-counts $521 billion from Social Security payroll taxes, CLASS Act premiums, and Medicare cuts; and fails to account for the costly "doc-fix" provision that Democrats stripped out of the bill and passed separately.

2. **Massive tax increase minus slightly less massive spending increase isn't "fiscal responsibility":** According to CBO, the Democrats' law will "reduce deficits" by increasing taxes by $770 billion, while "only" increasing net spending by $540 billion. That's not the kind of "deficit reduction" we're interested in. Furthermore, we believe spending will actually be much higher.

3. **True cost 10-year cost of the law is closer to $2.6 trillion:** The Democrats rigged their law to show 10 years of revenues offsetting only 6 years of new spending. A true 10-year score of the new spending in the law puts the cost closer to $2.6 trillion. Costs could run even higher if employers dump their employees onto government exchanges and Medicare "savings" fail to materialize.

4. **This law bends the cost curve *up*, not down:** Exploding health care costs are bankrupting families, companies, states, and the federal government. The Democrats' new health care law – with its maze of mandates, dictates, controls, tax hikes and subsidies – will drive costs up even faster.
   - CBO Director Doug Elmendorf says new law "does not substantially diminish" pressure of rising health care costs on the federal government.
   - Medicare/Medicaid Chief Actuary Richard Foster says that the law would result in "higher health expenditures," straining budget to the breaking point.

5. **Creation of a new open-ended entitlement isn't "fiscal responsibility":** The reality is that we cannot pay for the health care entitlements we have, much less a new government takeover of health care that adds trillions of dollars to our existing liabilities, drives costs up even faster, and puts the federal government in charge of even more health care decision-making.
   - The only way to control costs when the government is in charge of the system is for bureaucrats to ration care.
   - The path to greater choice for patients and lower costs for all must begin with a full repeal of the Democrats' costly new health care law.

http://budget.house.gov/healthcare

THE TRUE DEFICIT IMPACT OF THE DEMOCRATS' HEALTH CARE LAW

Bottom line: The Democrats' health care law is a budget-buster. Claims of deficit reduction exclude the $115 billion needed to implement the law. The score double-counts $521 billion from Social Security payroll taxes, CLASS Act premiums, and Medicare cuts. It strips a costly doc-fix provision that was included in initial score. It measures 10 years of revenues to offset 6 years of new spending. There is no question that the creation of a new trillion-dollar, open-ended entitlement is a fiscal train wreck.

- **Over $700 billion in red ink:** To hide the true cost of their $2.6 trillion health-care overhaul, the Democrats loaded the overhaul with gimmicks and double-counting. Once these gimmicks are accounted for, the law would add over $700 billion in red ink over the next decade, as health-care costs send the debt spiraling out of control.

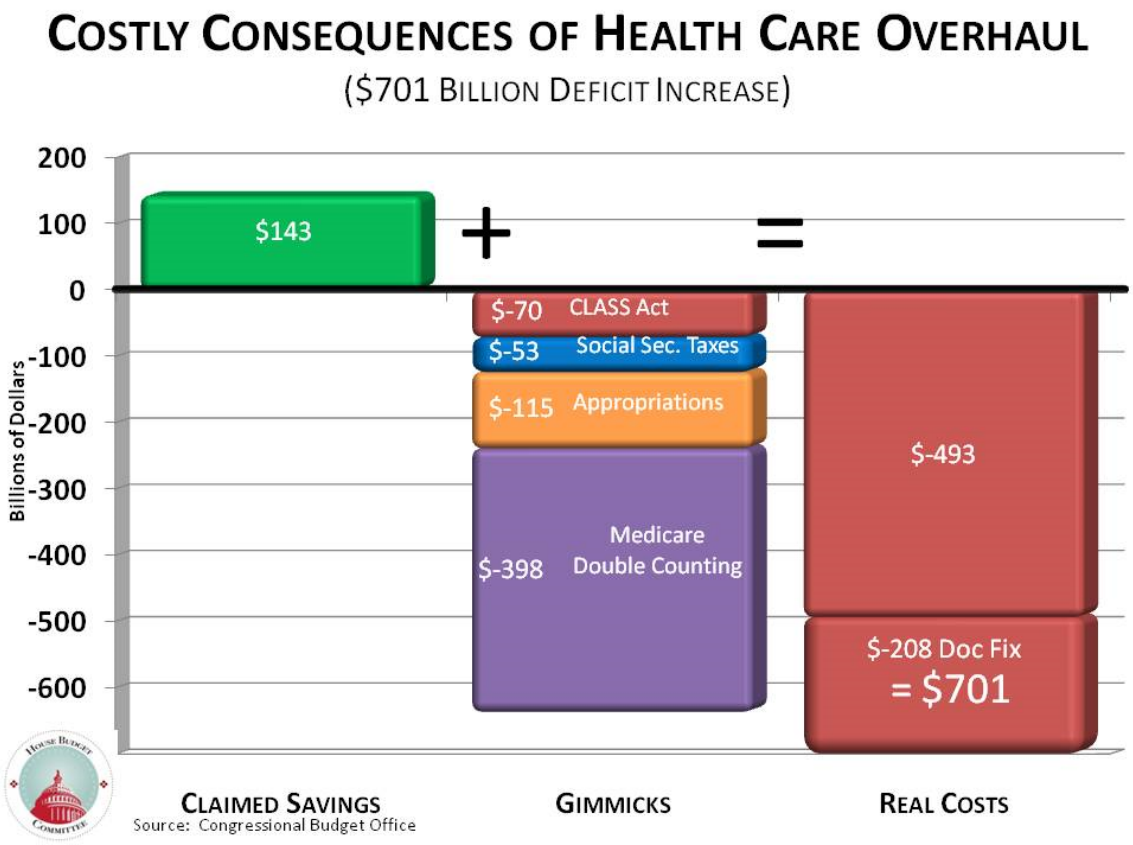
- **Discretionary Spending:** The CBO score did not include the cost of setting up and administering the massive overhaul, including the cost of hiring new health-care bureaucrats to run the new spending programs, as well as thousands of IRS agents to enforce the new mandates.
    - Accounting for these discretionary appropriations would add $115 billion to the bill's ten-year cost, all but wiping out its alleged "savings."

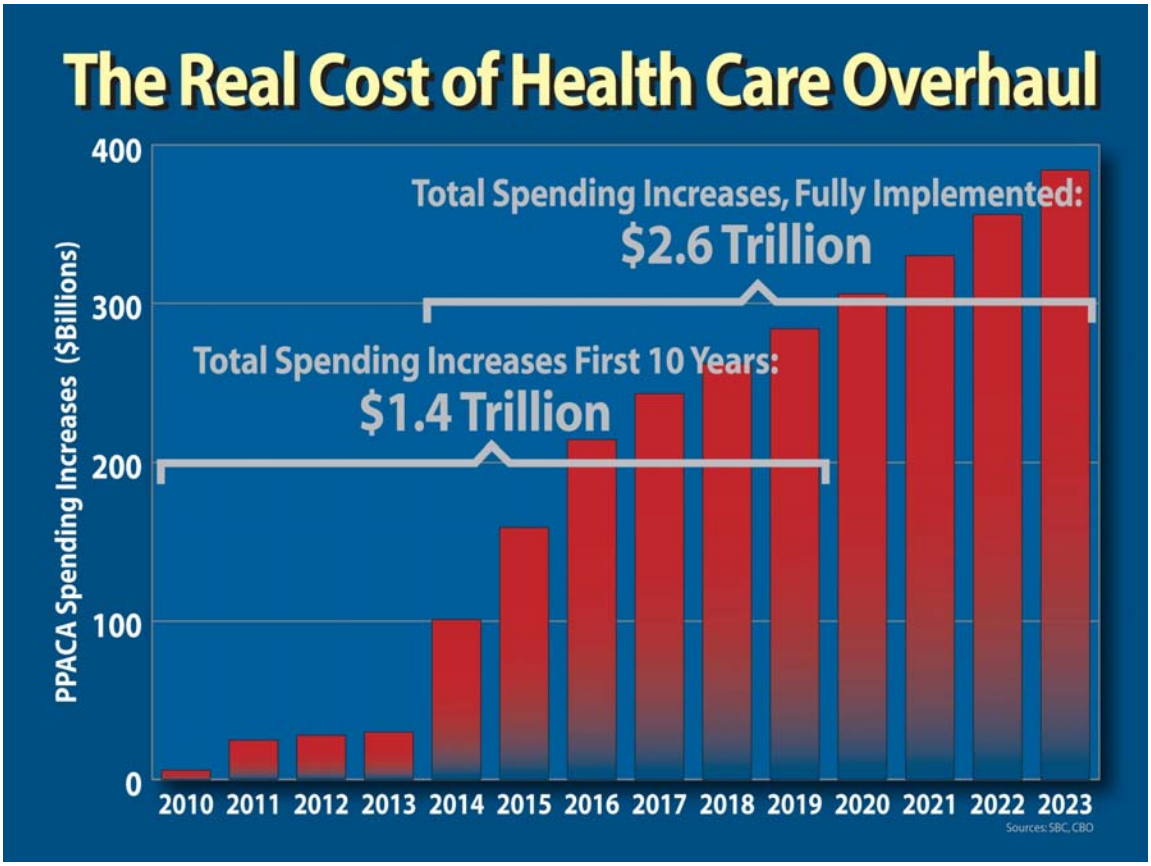
- **Double-Counting:** The new law double-counts an estimated $521 billion in alleged offsets:
    - Social Security will receive an additional $53 billion in higher payroll tax revenue as a result of the new law. Instead of setting aside this revenue for promised Social Security benefits, the law spends it on new subsidies.
    - The Democrats' bill created the CLASS program, a brand new long-term care entitlement. Over first ten years, program would take in $70 billion in premiums, but instead of setting money aside to pay for future benefits, the law spends the premiums on new subsidies. Senate Budget Chairman Kent Conrad called the CLASS Act: "A Ponzi scheme [that] Bernie Madoff would have been proud of."
    - Democrats claim they are extending solvency of Medicare by cutting $398 billion from the program, but they simultaneously claim that these savings will offset new subsidy programs. CBO has made clear these savings cannot be used twice.

- **The Doc Fix:** The Democrats' bill originally included the "doc fix" that CBO estimated would add $208 billion to the bill's score. Democrats removed this provision to lower the bill's CBO score, but promised doctors that they would enact the fix later, and did in fact pass a short-term prevention of cuts to physician payments last year, adding to the deficit.

- **Add It Up:** Take $115 billion in discretionary costs, plus $521 billion in double-counting, plus $208 billion for a long-term doc fix (minus the $143 billion of claimed savings) – and the law would add **$701 billion** to the deficit over the next ten years.

The Democrats' brand new open-ended health care entitlement will – unless repealed – exacerbate the spiraling cost of health care, explode our deficit and debt, and forever alter the relationship between the government and the American people.


COSTLY CONSEQUENCES OF HEALTH CARE OVERHAUL
($701 BILLION DEFICIT INCREASE)
Billions of Dollars
200
100
0
-100
-200
-300
-400
-500
-600
$143
+
=
$-70 CLASS Act
$-53 Social Sec. Taxes
$-115 Appropriations
$-398 Medicare Double Counting
$-493
$-208 Doc Fix
= $701
CLAIMED SAVINGS
GIMMICKS
REAL COSTS
Source: Congressional Budget Office


The Real Cost of Health Care Overhaul
PPACA Spending Increases ($Billions)
400
300
200
100
0
Total Spending Increases, Fully Implemented:
$2.6 Trillion
Total Spending Increases First 10 Years:
$1.4 Trillion
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Sources: SBC, CBO