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United States Senate

WASHINGTON, DC 20510

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August 5, 2010

Tom Bradley
Congressional Budget Office
Ford House Office Building
4th Floor
Second and D Streets, SW
Washington, D.C. 20515

Dear Tom:

Thank you for providing responses to my inquiries from the June 30 meeting of the National Commission on Fiscal Responsibility and Reform regarding the deficit impact of the health care reform legislation.

The purpose of this letter is to clarify and confirm the analyses that you provided to my staff on July 2.

- 1) The deficit impact of the health care reform bill as passed (the Patient Protection and Affordable Care Act and the subsequent reconciliation bill) is \$142 billion in savings over the ten-year budget window. This figure results from the difference between the total changes in direct spending (\$382 billion from Table 2 of 3/20/10 cost estimate) and the changes in revenue (\$525 billion from the unified budget – Table 2). Is this correct?
- 2) Based on the Medicare Physician Payment Alternative, which shows a freeze for 2010 and MEI for 2011 and subsequent years (through 2019), the cost of not letting the sustainable growth rate (SGR) payment cuts go into effect is \$278 billion over the ten-year budget window. Therefore, if the SGR physician payment reductions did not occur and followed the aforementioned schedule, the health care reform bill would add \$136 billion to the deficit. This figure results from the addition of the \$278 billion from the Medicare Physician Payment Alternative to the \$142 billion in savings from the health care reform bill as passed. Is this correct?
- 3) Additionally, assuming that the SGR payment cuts never went into effect (as outlined in #2) and the Medicare cuts contained within the health reform bill as passed also never went into effect, the health care reform bill would add \$591 billion to federal deficit. This figure results from the addition of the \$136 billion outlined in #2 plus the \$455 billion in Medicare cuts contained in the health care reform bill. Is this correct?

Thank you for your prompt attention. Should you have any questions regarding this letter, please contact Katie Oppenheim on my staff at (202) 224-6142.

Sincerely,

A handwritten signature in blue ink that reads "Mike Crapo". The signature is written in a cursive, flowing style.

Mike Crapo
United States Senator