Ranking Member
Mike Enzi
Senate Committee on Health, Education, Labor and Pensions

For Immediate Release

Contact: Craig Orfield
(202) 224-6770

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# Strike Two – Latest Kennedy Health Bill Leaves 34 Million without Coverage, Costs $645 Billion

**Washington, D.C. –** According to the latest estimates by the Congressional Budget Office (CBO), the new draft of the Kennedy health care bill will cost approximately $645 billion and leave 34 million Americans without health insurance.

"No matter how they spin it, the Kennedy bill still costs too much and leaves 34 million Americans without health care coverage. This bill doesn't come close to achieving our goal of reducing health care costs and helping everyone get the care they need," said Senator Mike Enzi (R-Wyo.), Ranking Member of the Senate Health, Education, Labor and Pensions (HELP) Committee.

"The Kennedy bill breaks the President's promise, which we support, to pay for reform. The price tag on this bill will drive our nation deeper and deeper into debt," said Enzi, the Senate's only accountant.

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PREPARED REMARKS OF SENATOR MIKE ENZI
HELP COMMITTEE MARK UP
JULY 7, 2009

Mr. Chairman, many claims have been made about this bill, based on the new estimates from the Congressional Budget Office. As the only accountant in the Senate, I believe that we need to focus on what the numbers actually indicate, instead of the hopes and claims of supporters of the bill.

The numbers are clear – this bill still spends more than $600 billion dollars and leaves 34 million Americans without health insurance.

The Chairman of the Committee has claimed that this approach will provide health insurance for 97 percent of all Americans. The only way he can achieve those numbers is by taking credit for the Medicaid expansion being considered by the Finance Committee. While the Chairman takes credit for the new coverage, he does not account for the costs associated with those expansions.

I serve on the Finance Committee and have worked closely with Senators Baucus and Grassley in their efforts to craft a bipartisan bill. I know that a Medicaid expansion will cost several hundred billion additional dollars and will increase the costs of the total bill to well over $1 trillion dollars.

If we are going to discuss what this bill does, we also need to be up front about what this bill will truly cost. We need to acknowledge that the Medicaid expansions will be paid for on the backs of state budgets, at the time when California is literally writing I-O-U's because they are going bankrupt and states across the country are facing the worst fiscal crisis in a generation.

We also need to acknowledge why the estimates of the bill are lower than the first numbers we saw. The first reason is because the bill contains a new tax on employers who do not offer health insurance to their employees. This new tax will drive down wages and cause employers to reduce the number of their employees.

Most economists agree that the effects of this economic growth killing tax will fall disproportionately on low income and minority populations. With the unemployment rate now close to 10 percent, we should be finding ways to create new jobs for Americans, rather than imposing new taxes that will cut their pay and cost them their jobs.

The bill also reduces its cost estimate by violating one of President Obama's campaign pledges from last year. President Obama promised that he would not increase taxes on families who made less than $250,000. But that's exactly what this bill does – it taxes Americans who do not have health insurance. Most of those families make far less than $250,000 a year, but according to the CBO, under this bill they will have to pay $36 billion in new tax penalties over the next 10 years. There should be no doubt -- The American people should understand and the Administration should understand that this bill breaks President Obama's campaign pledge on taxes.

Another reason the estimate of this bill is lower is because the Chairman uses a budget gimmick to hide the true cost of the bill. The bill assumes $58 billion in new revenue from a new payroll tax (again paid mostly by families making less than $250,000 a year). This new tax revenue is supposed to pay for long term care benefits.

According to CBO, this provision will take in more revenue than it pays out in disability benefits over the next 10 years. What will happen though, when more people become eligible for this program, outside the ten year window? According to outside actuaries, this new program will then become an unfunded liability that will cost the taxpayers $2 trillion dollars.

While I have seen lots of budget gimmicks used over the years to "pay-for" new programs, I have never seen anything as bold as this. Only in Washington could someone develop a policy that will cost the taxpayers $2 trillion, call that a savings and then use it to pay for more federal spending.

While this bill uses new taxes and budget gimmicks to reduce its estimated cost, we should also note what did not reduce the cost of the bill. According to CBO, the new government-run health plan did not have a substantial effect in reducing the score of the bill. Advocates of a government-run health plan have long argued that the inclusion of such a plan would drive down health care costs. According to the CBO, these claims are wrong.

This bill still spends too much, taxes too much and does too little to reduce health care costs for working Americans.  It reflects an ideological desire to design a health care plan that falls far outside mainstream thinking on health reform and that bears no connection to what we can afford.  Our best hope is that most of the provisions in this bill are discarded before it comes to the floor, and the Senate instead considers the provisions being negotiated by the Finance Committee, where the Chairman and Ranking Members have committed to pay for their policy changes.

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