

Paul Ryan: “Hiding Spending is Not Reducing Spending”

Remarks from House Budget Committee Ranking Republican Paul Ryan

White House Health Care Summit – February 25, 2010

Watch: <http://www.youtube.com/watch?v=zPxMZ1WdINs>

We all agree that health inflation is driving us off a fiscal cliff. The President has said health care reform is budget reform. You’re right.

The sky-rocketing cost of health care leaves millions of Americans unable to afford coverage.

In addition to the balance sheets of families and businesses, the federal budget – due to the central role government already plays in health care – cannot sustain the status quo.

The problem is most acute in Medicare and Medicaid. Today Medicare has an unfunded liability of \$38 trillion over the next 75 years. That’s \$38 trillion in unpaid promises to our parents, our generation, and our children’s generation.

While federal Medicaid spending grows at 21 percent this year, the program continues to suffocate state budgets with trillions in future obligations and no means to pay for it.

Mr. President, you’re right to frame the debate on cost – and health inflation’s threat to our fiscal future.

In your address to Congress last September, you promised: “I will not sign a plan that adds one dime to our deficits -- either now or in the future.”

Because the Congressional Budget Office can’t score your bill because it lacks sufficient detail – but it tracks very similar to the Senate bill – let’s unpack the Senate bill’s CBO score.

When you look at the score by the Congressional Budget Office and the analysis from the Administration’s own chief actuary, the conclusion is abundantly clear.

This bill does not control costs. This bill does not reduce deficits. Instead, this bill adds a new health care entitlement when we have no idea how to pay for the entitlements we already have.

It will enlarge government, expand obligations we cannot pay, and increase federal spending, deficits, and debt.

Let me go through some of the details.

Gimmicks

The authors of the overhauls before us have worked tirelessly to load the legislation with gimmicks and tricks to game the cost estimates and fulfill the President's deficit pledge.

The Majority Leader said the bill scores as reducing deficit by \$131 billion over the next 10 years.

First a little bit about CBO: I work with them every single day; very good people; great professionals. They do their jobs well. But their job is to score what is placed in front of them. And what has been placed in front of them is a bill that is full of gimmicks and smoke and mirrors.

Now what do I mean when I say that?

First off, the bill has ten years of tax increases and ten years of Medicare cuts to pay for six years of spending. The true ten year cost when subsidies kick-in? \$2.3 trillion.

The bill is full of gimmicks that more than erase the false claim of deficit reduction:

- \$52 billion of savings is claimed by counting increased Social Security payroll revenues. These dollars are already claimed for future Social Security beneficiaries, and claiming to offset the cost of this bill either means we're double-counting or we're not going to pay Social Security benefits.
- \$72 billion in savings is claimed from the CLASS Act – long-term care insurance. These so-called savings are not offsets, but rather premiums collected to pay for future benefits. Senate Budget Committee Chairman Kent Conrad has called these savings, "*A ponzi scheme that would make Bernie Madoff proud.*"

Additionally, the nearly half-trillion dollars in Medicare cuts cannot be counted twice. Medicare is in dire need of reform in order to make certain that we can ensure health security for future seniors.

Using Medicare as a piggy bank, it raids a half trillion dollars from retirees' health coverage to fund the creation of another open-ended health care entitlement.

The President's chief Medicare actuary says up to 20% of Medicare providers may go bankrupt or stop taking Medicare beneficiaries as a result. Millions of seniors who have chosen Medicare Advantage will lose the coverage they now enjoy.

Objections to the policy aside, you cannot use these savings twice – to both extend the life of Medicare and to pay for other spending. The half-trillion dollars in Medicare cuts are either to extend the program's solvency or to reduce the cost of this deficit – but not both as its authors claim.

When you strip away the double-counting of Medicare cuts, the so-called savings from Social Security payroll taxes and the CLASS Act, the deficit increases by \$460 billion over first ten years – and \$1.4 trillion over second ten years.

Finally, one of the most expensive – and most cynical – of the gimmicks applies to Medicare physician payments, the so-called “Doc Fix.”

By your own estimate, the Doc Fix adds an additional **\$371 billion** to the cost of health care reform. With the price tag beyond what most Americans could handle, the Majority decided to simply remove this costly provision and deal with it in a stand-alone bill.

Ignoring this additional cost does not remove it from the backs of taxpayers. ***Hiding spending doesn't reduce spending.***

Cost Control

Beyond these embarrassing gimmicks, let's examine the more fundamental problem: the failure to get a grip on costs.

Again, cost containment underpins the entire argument for reform. You've all been assuring us: *“This plan will slow the growth of health care costs for our families, our businesses, and our government.”*

Here again – the substance falls short of the rhetoric.

The most damaging assessment is from the Medicare's chief actuary, showing the bill ultimately increases national health spending by \$222 billion above current estimates, putting us on a trajectory even more unsustainable than the path we're currently on.

Does this legislative effort bend the health care cost curve?

It does – but in the **wrong direction**. It bends the cost curve up, not down.

Essentially, this bill chases ever higher spending with ever higher taxes. The taxes never catch up, resulting in ever higher deficits.

Different Approaches

These debt and deficit issues we face today clarify the fundamental failures with the government-centered approach in the legislation before us.

But, the problem goes deeper than budget gimmicks or actuarial analyses.

We *all* agree the status quo in health care is unsustainable. It's too expensive. It's bankrupting families with major illnesses. It's bankrupting the government. We need to fix this.

The difference between us is this: we do not believe the answer is to put the government in control. We want to put people in control.

We think the nucleus of a new American health care market should be the patient and doctor, not dictated from Washington. We have been offering solutions all year long that do this. Reforms to lower costs, to help those with pre-existing conditions, to give people more choices, not less.

Every American should have access to affordable health insurance, and the ability to acquire preventive health care and treatment – regardless of employment, health status, or income level.

We are all representatives of the American people. And the people are engaged.

And if you think the American people want a government takeover of health care, then I would respectfully suggest you're not hearing them.

Let's scrap this bill and start over. Let's fix what's broken, without breaking what's working. Let's focus on step-by-step, common-sense reforms that lower health care costs. That's what the American people want us to do, and we should start anew today.

VIDEO OF RYAN'S REMARKS:

<http://www.youtube.com/watch?v=zPxMZ1WdINs>
