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CBO Scores Confirms Deficit Neutrality of Health Reform Bill

Washington, D.C. -- The Congressional Budget Office (CBO) released estimates this evening confirming for the first time that H.R. 3200, America's Affordable Health Choices Act, is deficit neutral over the 10-year budget window - and even produces a \$6 billion surplus. CBO estimated more than \$550 billion in gross Medicare and Medicaid savings. More importantly, the bill includes a comprehensive array of delivery reforms to set the stage for lowering the future growth in health care costs.

Net Medicare and Medicaid savings of \$465 billion, coupled with the \$583 billion revenue package reported today by the House Committee on Ways and Means, fully finance the previously estimated \$1.042 trillion cost of reform, which will provide affordable health care coverage for 97% of Americans.

"This fulfills the strong commitment of the President and House leadership to enact health reform on a deficit-neutral basis," said Chairmen Henry A. Waxman, Chairman Charles B. Rangel, and Chairman George Miller. "The reforms included in this legislation will help control health care costs and expand access to quality, affordable coverage to all Americans in fiscally-responsible manner."

The estimates also cover important reinvestments in Medicare and Medicaid, including phasing in the closing of the "donut" hole in the Medicare drug benefit. The bill's long-term reform of Medicare's physician fee schedule to eliminate the potential 21 percent cut in fees, and put payments on a sustainable basis for the future, will cost about \$245 billion. Those costs, however, are not included in the net calculations above, as they will be absorbed under the upcoming statutory "pay go" legislation that is pending in the House.