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FOR IMMEDIATE RELEASE

Thursday, March 10, 2011

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ALERT: CBO CONFIRMS NEGATIVE EFFECTS OF REPUBLICAN ATTEMPTS TO DEFUND THE HEALTH REFORM LAW

Rehberg Amendment Adds \$5.7 Billion to the Deficit, Increases Government Spending, Creates Incorrect Payments in Medicare, and Delays Implementation of Patient Improvement Initiatives

WASHINGTON – Today, the nonpartisan Congressional Budget Office (CBO) laid out the negative effects of House Republicans' proposed attempts to defund implementation of the health reform law. Rep. Pete Stark (D-CA), Ranking Member of the Ways and Means Health Subcommittee, and Rep. Sander Levin (D-MI), Ranking Member of the Ways and Means Committee, today criticized the Republicans' irresponsible deficit-increasing funding scheme.

Rep. Stark: **"Once again, Republicans have exposed their hypocrisy on reducing the deficit. In a bill they claim cuts government spending, the Rehberg Amendment would increase the deficit by \$5.7 billion and create \$1 billion in incorrect payments in Medicare."**

Rep. Levin: **"This is yet another example of the harmful consequences of the Republican effort to repeal health care reform and take away benefits already working for millions of Americans. CBO has confirmed yet again that blindly cutting health care reform increases the deficit, drives up costs in our health care system and even worse, hurts patient care. I strongly urge the Republicans to stop this mindless witch hunt and focus on what the American people sent us here to do – create jobs."**

CBO's letter echoes the concerns that Health and Human Services Secretary Kathleen Sebelius raised earlier this week – for more information, see here: <http://go.usa.gov/4OZ>

CBO confirms many of the negative effects of the Rehberg Amendment on America's health care system:

Would increase the deficit by \$5.7 billion.

"The Congressional Budget Office and the staff of the Joint Committee on Taxation (JCT) estimate that section 4017 would reduce the deficit by about \$1.4 billion in fiscal year 2011 but would increase deficits by a net amount of \$5.7 billion over the 2011-2021 period." (p. 1)

Would increase government spending by \$5.6 billion.

"CBO estimates that enacting the prohibition on using new fiscal year 2011 funding to carry out those laws would reduce spending by \$1.6 billion during the remainder of 2011, but would increase spending by \$3.1 billion in fiscal year 2012 and by smaller amounts in each of the fiscal years 2013 through 2021. Net additional costs would total \$3.9 billion over the 2011- 2016 period and \$5.6 billion over the 2011-2021 period." (p. 2)

Would create \$1 billion in incorrect payments in Medicare.

"Moreover, CBO assumes that the delayed revisions to the payment rules would generally provide for retroactive payments when the payment amounts due exceeded the amount that was paid before the revisions were implemented, but would generally not seek to recoup overpayments made before those revisions. That asymmetry arises because the provision would not alter Medicare's statutory obligation to pay the larger amount, but would also not provide an effective mechanism for recouping prior overpayments. As a result, CBO estimates that delaying the completion of regulatory processes this year would increase spending by about \$1.0 billion over the 2011-2012 period; nearly all of that increase would occur during fiscal year 2012." (p. 3-4)

Would delay regular business of Medicare.

"In general, CBO and JCT expect that the prohibition on use of funds provided in H.R. 1 would affect spending and revenues... delaying completion of regulatory processes for ongoing programs (such as establishing payment rates for Medicare services furnished during 2012)." (p. 3)

Would delay important patient improvements that save money.

"PPACA and the Reconciliation Act established several initiatives—such as quality initiatives, steps to reduce hospital readmissions, and changes in the delivery system for health care that will be tested and implemented by the Center for Medicare and Medicaid Innovation—that involve significant research and development activities before the savings from those initiatives can be realized. Delaying or reducing work on those research and development activities for the rest of fiscal year 2011 would delay the realization of expected savings... In aggregate, delaying the implementation of new programs, and thus delaying the savings that would result from them, would increase spending by about \$4.9 billion over the 2011-2021 period; most of that increase would occur after fiscal year 2012." (p. 4)

For the full CBO letter, please visit: <http://go.usa.gov/4QW>

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