
The United States Senate Committee on Finance

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Hatch Comment on CBO Actuary Analysis Demonstrating Uncertainty, Dramatic Increases in Cost of New Health Law

MEMORANDUM

TO: Reporters and Editors
FROM: Antonia Ferrier and Julia Lawless for Senate Finance Committee
Ranking Member Orrin Hatch (R-Utah)
RE: CBO Actuary Analysis Demonstrating Uncertainty, Dramatic Increases in Cost of New Health Law
DATE: Thursday, March 15, 2012

Today, Congress's nonpartisan scorekeeper, the Congressional Budget Office (CBO) [released a new analysis](#) that found the price tag of the new health law may cost substantially more than initially estimated, if what employers are saying holds true in the coming years.

U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, requested the analysis last fall to better understand the law's potential financial risk to taxpayers.

Hatch issued the following statement today:

"This analysis exposes more of the real costs of the President's unconstitutional, deeply-flawed health spending law. According to CBO, the costs to taxpayers may be an astonishing \$2.13 trillion through 2022 alone. While President Obama promised that 'If you like what you have, you can keep it,' CBO found that as many as 20 million could lose their employer-sponsored health benefits and 49 million more Americans could become dependent on government-sponsored health care. This law keeps getting worse and worse; it needs to be repealed."

Since the enactment of the partisan health spending law, employers have been examining the reality of their economic options regarding the offering of employer sponsored health care – either to continue paying higher health care costs that would occur because of the law or pay a \$2,000 fine to the government. Last year, a [McKinsey study](#) found that after 2014, 30 percent of employers will "definitely or probably stop offering ESI." This number increases to 50 percent among employers with a "high awareness of reform," with more than 60 percent of employers potentially opting to

pursue alternatives to traditional employer-sponsored insurance.

If employers do decide to drop coverage, the result will dramatically affect taxpayer spending on the subsidies for the insurance exchanges and Medicaid expansions. At a time of record \$15 trillion debt and \$1.2 trillion budget deficits, today's CBO analysis demonstrates how much worse the situation may be as a result of President Obama's ill-conceived health law.

CBO analyzed a series of possible scenarios and their price tags and found. In one of the possible scenarios in this analysis, CBO found:

- The law's price tag could be as high as \$2.134 trillion through 2022 alone.
- As many as 20 million Americans could lose their employer-sponsored health benefits by 2019.
- As many as 49 million more Americans could become dependent on government-sponsored health care by 2019.
- Individual and employer mandate penalties may be as high as \$221 billion through 2022 alone.

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