

# **Major CBO Caveats to Cost Containment**

*Direct quotes from pages 17 and 18 of CBO [Letter to Reid](#)*

**UNLIKELY THAT KEY COST CONTAINMENT PROVISIONS REMAIN ENTACT.** “These longer-term calculations assume that the provisions are enacted and remain unchanged throughout the next two decades, which is often not the case for major legislation.”

## **REDUCES MEDICARE PAYMENT TO PHYSICIANS BY 23 PERCENT IN 2011**

“For example, the sustainable growth rate (SGR) mechanism governing Medicare’s payments to physicians has frequently been modified (either through legislation or administrative action) to avoid reductions in those payments, and legislation to do so again is currently under consideration in the Congress.

**The legislation would put into effect a number of procedures that might be difficult to maintain over a long period of time.** Although it would increase payment rates for physicians’ services for 2010 relative to those in effect for 2009, those rates would be reduced by about 23 percent for 2011 and then remain at current-law levels (that is, as specified under the SGR) for subsequent years.”

## **UNACCOUNTABLE, UNELECTED BOARD OF BUREAUCRATS MUST MAKE ARBITRARY BUDGET CUTS TO ENSURE COST CONTAINMENT**

“The projected longer-term savings for the legislation also assume that the Independent Medicare Advisory Board is fairly effective in reducing costs—beyond the reductions that would be achieved by other aspects of the bill—to meet the targets specified in the legislation.”

## **CBO CANNOT PREDICT THAT QUALITY OF CARE WILL NOT DECLINE**

“Adjusting for inflation, Medicare spending per beneficiary under the bill would increase at an average annual rate of roughly 2 percent during the next two decades—much less than the roughly 4 percent annual growth rate of the past two decades. **Whether such a reduction in the growth rate could be achieved through greater efficiencies in the delivery of health care or would reduce access to care or diminish the quality of care is unclear.**”

## **ONE CHANGE COULD BLOW UP THE DEFICIT NEUTRALITY AND COSTS**

“The long-term budgetary impact could be quite different if key provisions of the bill were ultimately changed or not fully implemented. If those changes arose from future legislation, CBO would estimate their costs when that legislation was being considered by the Congress.”