

# Highlights and Analysis of the CBO Report on Health Reform Reconciliation

The Congressional Budget Office and the Joint Committee on Taxation [just released](#) a preliminary estimate of an amendment in the nature of a substitute to H.R. 4872, the Reconciliation Act of 2010.

- “[E]nacting both pieces of legislation—H.R. 3590 [the Senate bill] and the reconciliation proposal—would produce a net reduction in federal deficits of \$138 billion over the 2010–2019 period . . . .”
  - \$119 billion of the deficit reduction comes from the combined effect of the health provisions in the Senate bill and the reconciliation bill, with an additional \$20 billion coming from the education provisions in the reconciliation bill.
- “The incremental effect of enacting the reconciliation proposal . . . is an estimated net reduction in federal deficits of \$20 billion over the 2010-2019 period over and above the savings from enacting H.R. 3590 by itself . . . .”
  - When CBO analyzed the impact of the reconciliation bill by itself they estimated it would achieve an additional \$20 billion in deficit reduction relative to the Senate bill over ten years, consistent with the intent of budget reconciliation legislation
- “H.R. 3590, as passed by the Senate, would reduce federal budget deficits over the ensuing decade relative to those projected under current law—with a total effect during that decade that is in a broad range between one-quarter percent and one-half percent of gross domestic product . . . .”
- “[T]he combined effect of enacting H.R. 3590 and the reconciliation bill would also be to reduce federal budget deficits over the ensuing decade relative to those projected under current law—with a total effect during that decade that is in a broad range around one-half percent of GDP. The incremental effect of enacting the reconciliation bill (over and above the effect of enacting H.R. 3590 by itself) would thus be to further reduce federal budget deficits in that decade, with a total effect that is in a broad range between zero and one-quarter percent of GDP.”
  - Although CBO is not able to produce precise estimates of the effects beyond the first decade, the conclusion that the legislation will reduce the deficit in a broad range around one-half percent of GDP equals deficit reduction of more than \$1 trillion, potentially as much as \$1.3 trillion or more. The reconciliation bill would result in even greater long term deficit reduction than the Senate bill in the second decade, potentially by a couple hundred billion dollars of additional deficit reduction.
- “[I]n view of the projected net savings during the decade following the 10-year budget window, CBO anticipates that the reconciliation proposal would probably continue to reduce budget deficits relative to those under current law in subsequent decades . . . .”
  - The reconciliation bill strengthens the long-term deficit reduction already in the Senate bill and complies with the Byrd rule requirement that reconciliation legislation not increase the deficit in any year after 2014
- The preliminary CBO analysis estimates that 32 million more Americans will have health insurance in 2019 as a result of the legislation - 95% of all legal U.S. residents.