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Fine-Tuning Led to Health Bill's \$940 Billion Price Tag

By DAVID M. HERSZENHORN
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WASHINGTON — Love it or hate it, one thing that is indisputable about the Democrats' big health care legislation is that the cost figures are going to come out right where [President Obama](#) said he wanted them.

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When the president finally came forward with an outline of his own proposal, aimed at bridging differences between the House and Senate versions of the legislation, he said it would have a 10-year price tag of about \$950 billion and would reduce federal deficits over that same time period by more than \$100 billion.

A preliminary cost estimate of the final legislation, released by the [Congressional Budget Office](#) on Thursday, showed that the president got almost exactly what he wanted: a \$940 billion price tag for the new insurance coverage provisions in the bill, and the reduction of future federal deficits of \$138 billion over 10 years.

So how did the numbers come out just right? Not by accident.

Congressional Democrats have spent more than a year working with the nonpartisan budget office on the health care legislation, and as they fine-tuned many of the bill's various provisions in recent weeks, they consulted repeatedly with its number-crunchers and the bipartisan staff of the Joint Committee on Taxation.

In other words, the overall numbers were never going to miss the mark. Whenever the budget office judged that some element or elements of the bill would cause a problem meeting the cost and deficit-reduction targets, Democrats just adjusted the underlying legislation to make sure it would hit their goal.

Many House Democrats strongly disliked the Senate's proposed excise tax on high-cost, employer-sponsored insurance policies. In the Senate-passed bill, that provision would have raised \$150 billion over 10 years. Mr. Obama and White House officials reached a deal with organized labor groups to delay the implementation and limit the impact of that tax. As a result, the excise tax will raise only \$32 billion over 10 years, according to the budget office.

Of course, that meant coming up with \$118 billion more elsewhere to plug the hole. Not a problem: to help make up the difference Democrats adjusted a proposed increase in the [Medicare](#) payroll tax for individuals earning more than \$200,000 a year and couples earning more than \$250,000. The tax will now apply to "unearned income" like dividends and interest.

There were other tweaks. The final bill imposes an additional \$16 billion in cuts to private Medicare Advantage plans, which now cost the government more on average than traditional Medicare, for a total of \$132 billion in reductions.

As Democrats put together the final legislation, they were focused on dual objectives.

One goal was to keep the overall price tag at roughly \$950 billion over 10 years

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and to make sure that the legislation would reduce future deficits by more than \$100 billion.

The other, even more crucial goal in recent weeks, was to meet the requirements of [budget reconciliation](#) rules, which mandated specific savings over five years through changes in laws under the jurisdiction of different Congressional committees.

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Think about it this way: Building the health care legislation was not some wild shopping spree in Macy's, running through the store grabbing whatever looked nice off the racks and then

heading to the cash register with credit card and a bunch of coupons in hand, only to let the cash register render its verdict.

Rather, it was more like a trip to the local fruit stand with a set amount of money in hand, and every item clearly marked with a price per pound. The precise mix of apples, oranges, pears and grapes could be adjusted — a little more of this, or a little less of that — so there would be just the right amount of ingredients to make a fruit salad, without blowing the budget.

By the end of the legislative process, Democrats had gone through the various provisions of the legislation so thoroughly that they had a pretty good idea of what would happen to the price tag every time they made an adjustment — rather like being able to guess the cost of a bag of apples just by holding it.

Things did not start out that way. Last spring, Democrats were left scrambling, after early versions of the legislation showed steep costs and limited results. An early analysis of the Senate Finance Committee put the 10-year cost at \$1.6 trillion — far more than Democrats ever wanted to spend. Another early tally, of the Senate health committee's bill, put the cost at \$1 trillion over 10 years, but said the bill would reduce the number of uninsured by just 16 million — a major shortfall.

At times, all the back and forth left lawmakers frustrated as they waited for the budget office to provide answers. At one point, the No. 2 Senate Democrat, [Richard J. Durbin](#) of Illinois, declared, "That's what it's going to say on my tombstone: 'He was waiting for C.B.O.'"

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