

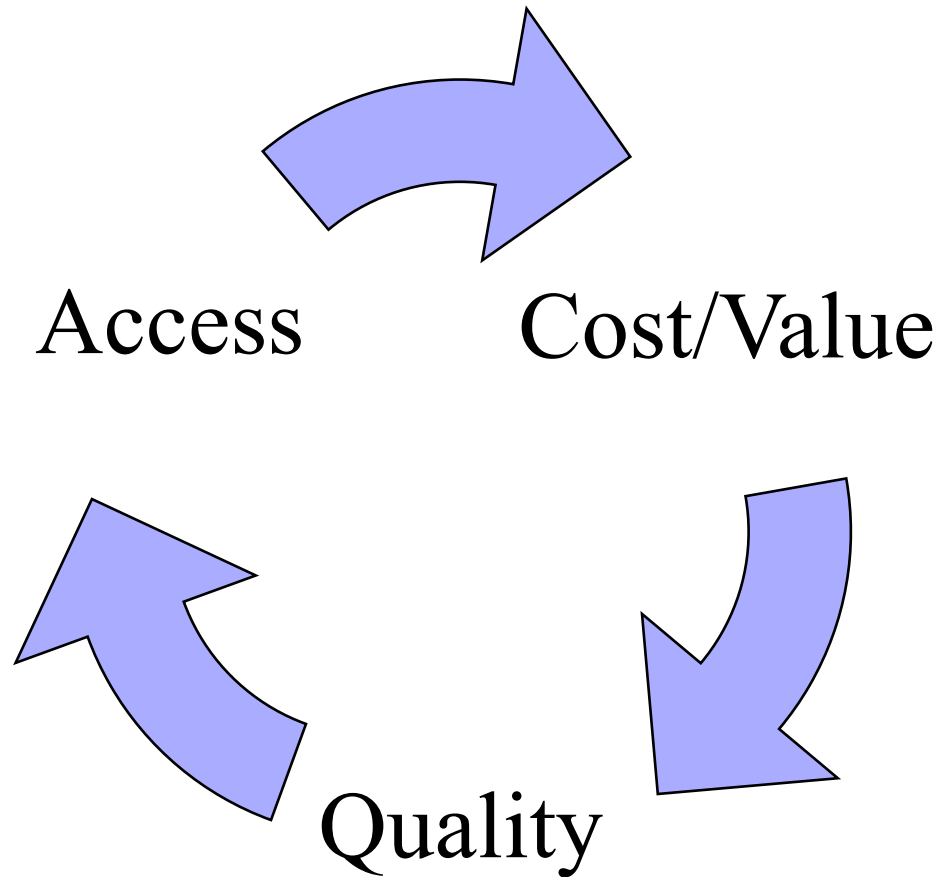


Budget, Health Care Reform and the Economy

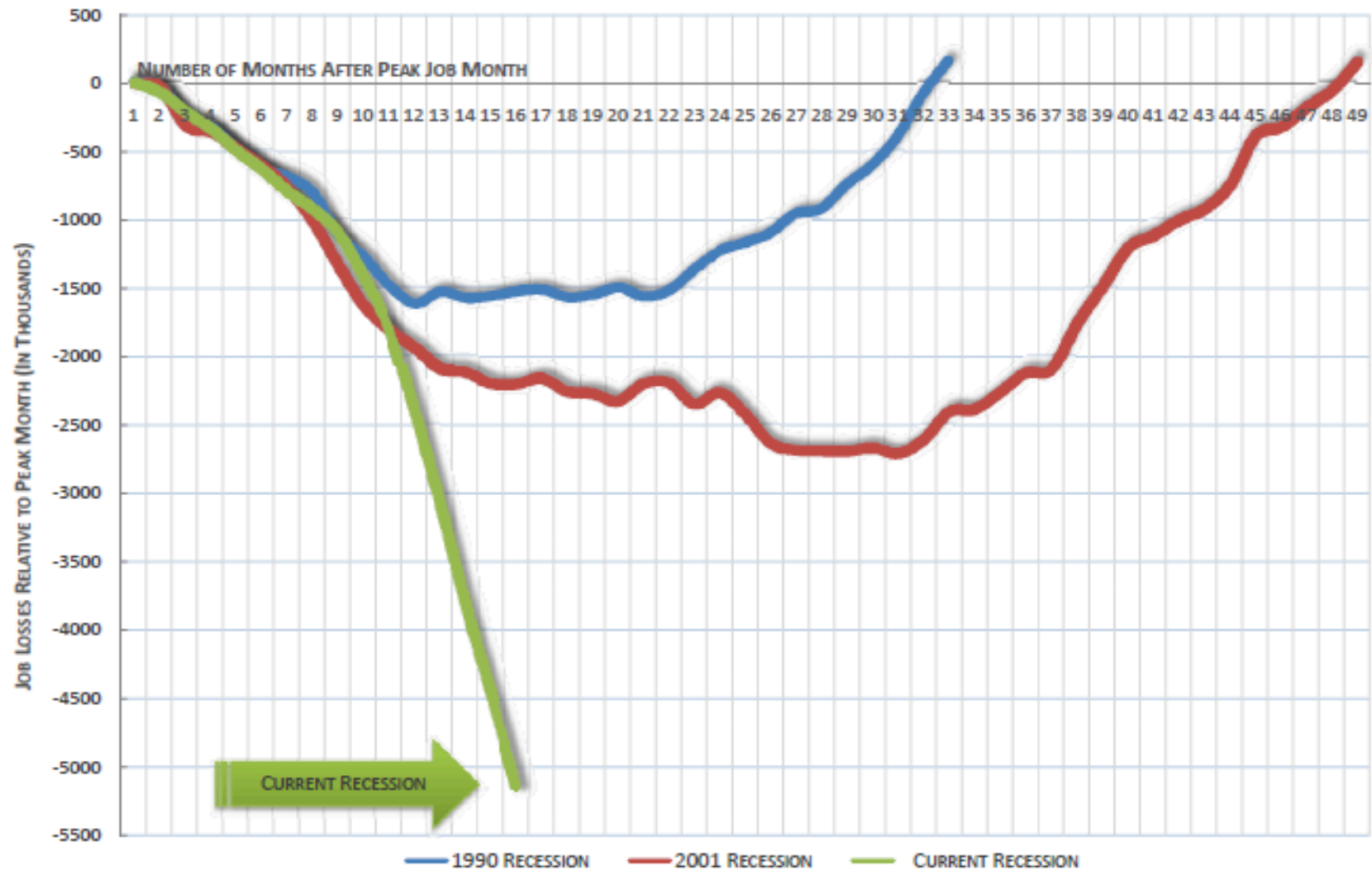
Wendell Primus
Senior Policy Advisor
National Economist Club
May 7, 2009



Improving Health and Health Care



JOB LOSSES IN RECENT RECESSIONS



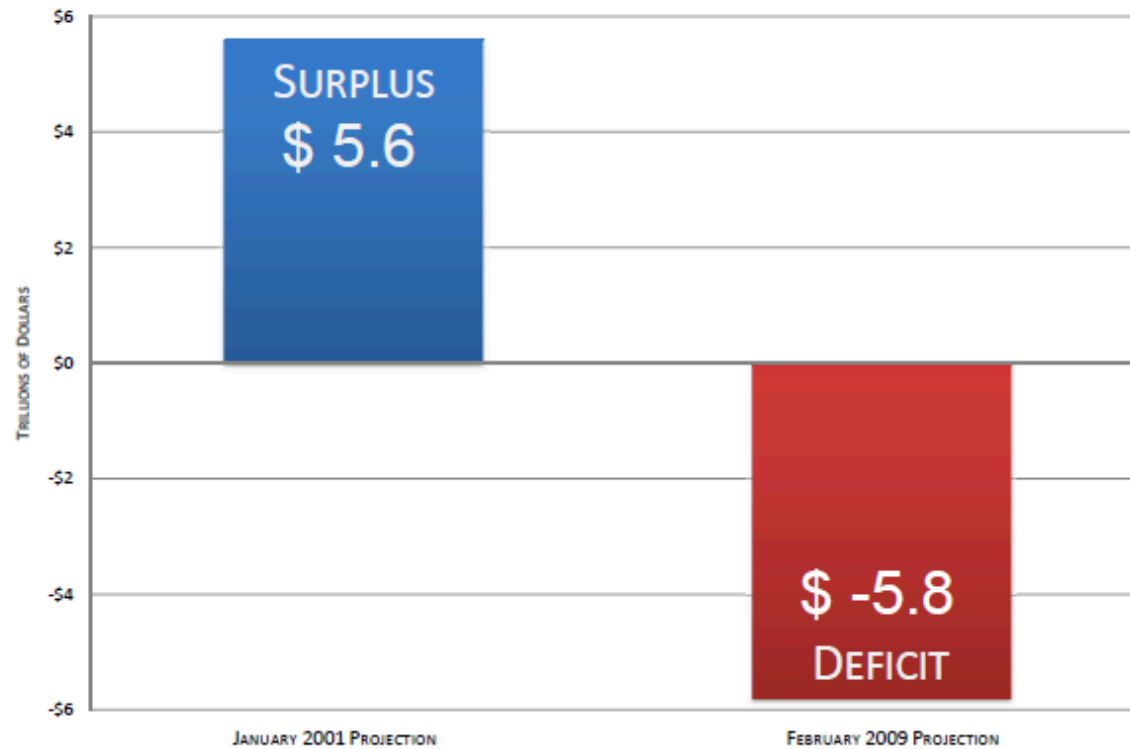
SOURCE: BUREAU OF LABOR STATISTICS

OFFICE OF THE SPEAKER, 4/3/09



FROM LARGE SURPLUSES TO LARGE DEFICITS IN JUST 8 YEARS

CUMULATIVE SURPLUSES/DEFICITS, 2002-2011

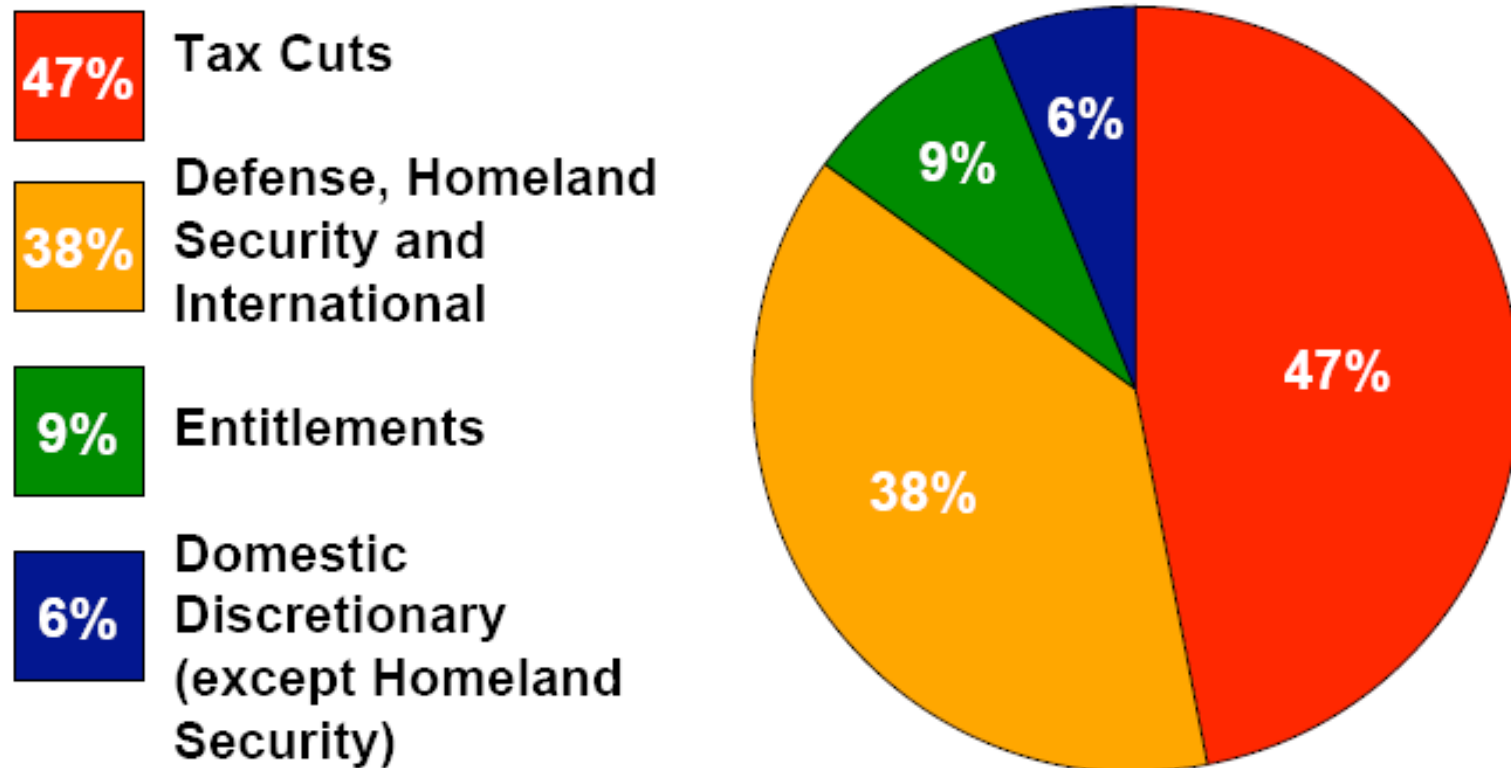


SOURCE: CALCULATIONS BASED ON CONGRESSIONAL BUDGET OFFICE DATA



Legislation Adding to Deficits: Mostly Tax Cuts and Defense

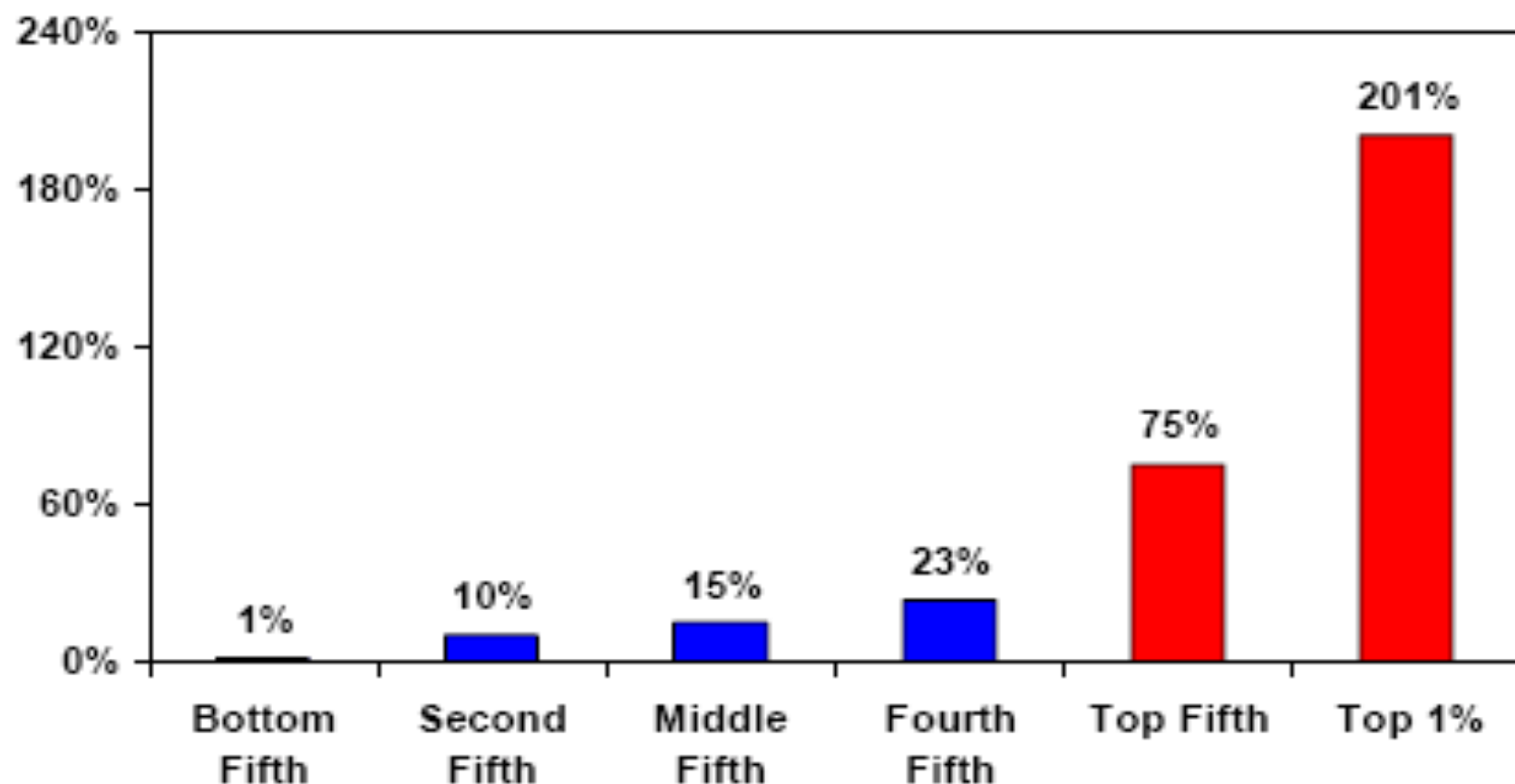
Cost, 2002-2011, of policy changes since January 2001



Source: CBPP calculations based on Congressional Budget Office data. Assumes extension of the President's tax cuts, continuation of Alternative Minimum Tax relief, a gradual phasedown of operations in Iraq and Afghanistan, and underlying defense spending in line with the President's FY 2008 budget.

Last 26 Years Have Seen Rapid Income Growth at the Top, Virtually No Growth at the Bottom

Growth in average real pre-tax income, 1979-2005

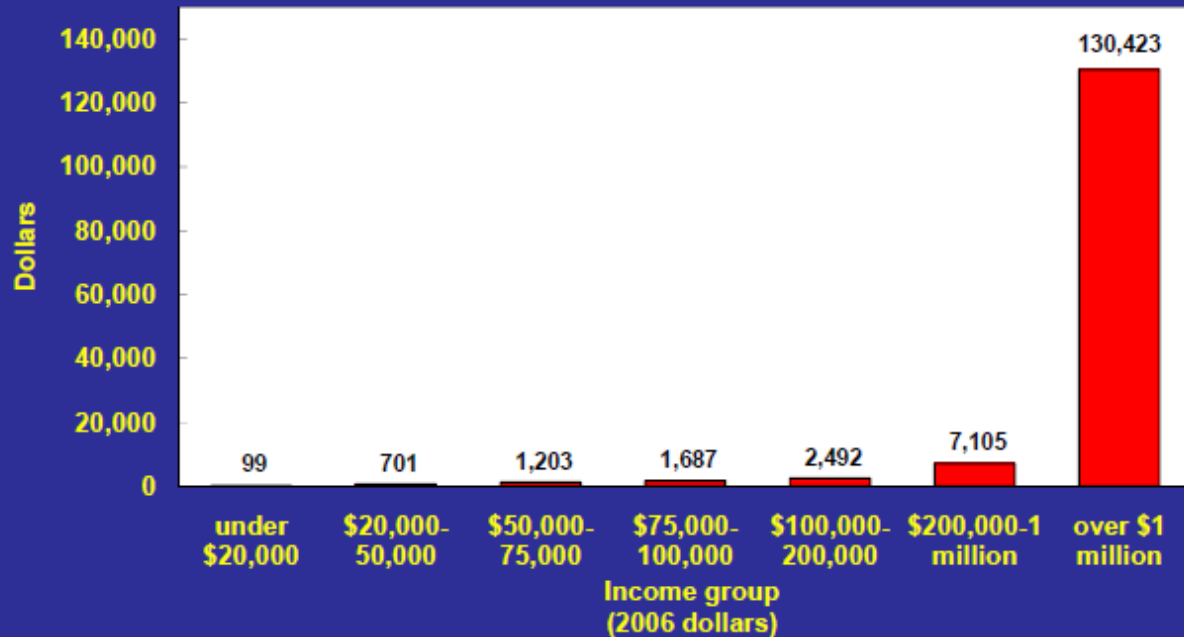


Source: CBPP calculations based on Congressional Budget Office data.



The Bush Economy Bush Tax Cuts for Millionaires Dwarf Tax Cuts for The Rest of America

Average Amount of 2001-2006 Tax Cuts by Household Income, 2008



Current as of 09/05/2008

Source: JEC Democratic Staff, based on Urban-Brookings Tax Policy Center, Table T06-275. Prepared by JEC Majority Staff



Average Household Income for Selected Years by Income Class

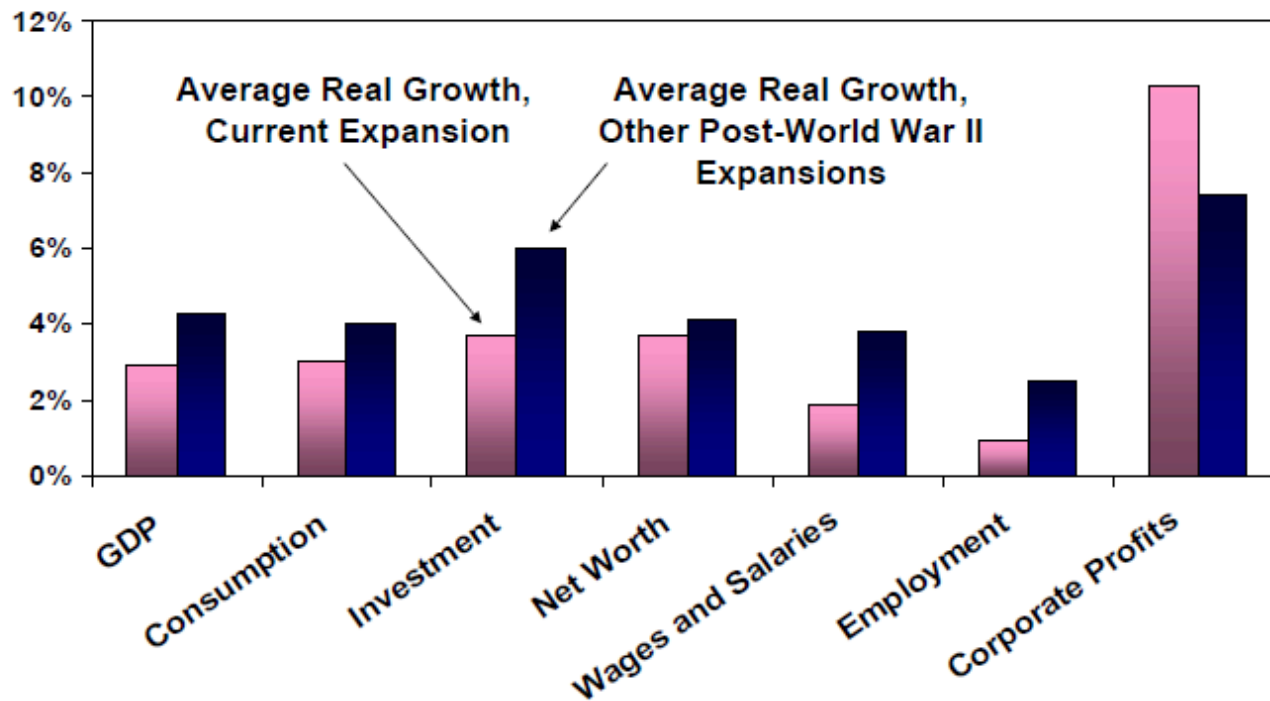
	Lowest Quintile	Middle Quintile	81-90 Percentile	Top 0.01 Percentile
1979	15,700	51,000	89,700	7,333,000
1984	14,200	48,800	91,000	9,712,100
1989	14,900	51,800	100,800	12,828,000
1994	15,200	51,800	101,300	12,655,000
2000	16,000	57,000	117,600	34,440,100
2005	15,900	58,500	120,600	35,473,200



Total Effective Federal Tax Rate For Selected Years by Income Class

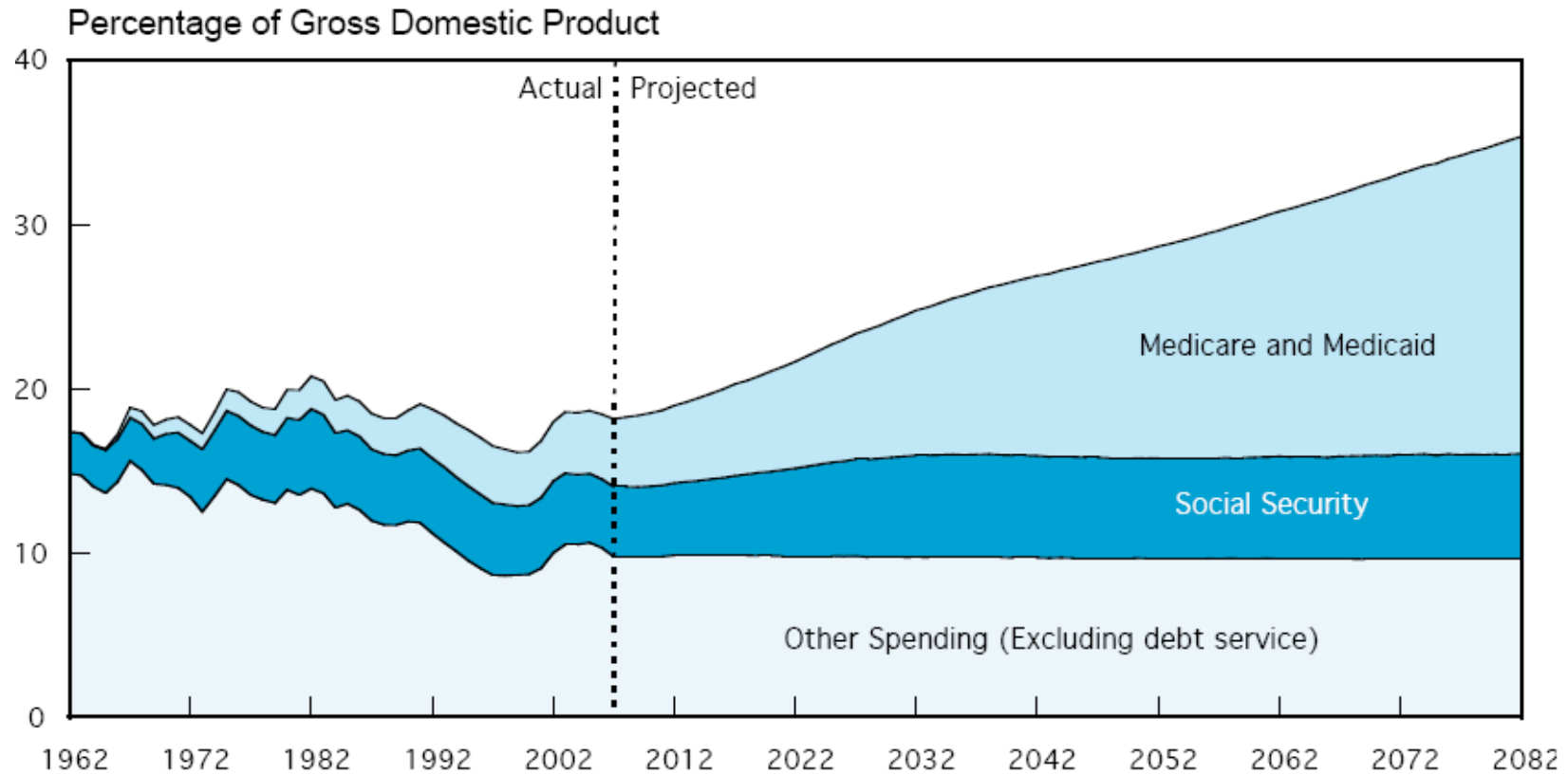
	Lowest Quintile	Middle Quintile	81-90 Percentile	Top 0.01 Percentile
1979	8	18.6	23.3	42.9
1984	10.2	18	22.3	31.8
1989	7.9	17.9	22.9	31.3
1994	6.6	17.3	22.8	40.8
2000	6.4	16.6	23.4	32
2005	4.3	14.2	20.3	31.5

The Current Expansion Has Been Weaker Than Average; Only Corporate Profits Have Grown Rapidly



Source: CBPP calculations based on Commerce Department, Labor Department, and Federal Reserve data. Employment data through December 2007. All other data through the third quarter of 2007.

Federal Spending Under CBO Alternative Fiscal Scenario



Source: CBO, January 2008



What we have done already

Children's Health Insurance

Economic Recovery

Preventing Increases in the Number of Uninsured due to the
Recession

FMAP

COBRA

Laying the Groundwork for Quality and Cost

Health Information Technology (HIT)

Comparative Effectiveness

Prevention

Workforce

NIH Research

Primary Care and Community Health Centers

Improving Health and Health Care Agenda for Change





Goals of President Obama's Plan

- Protect Families Financial Health
- Make Health Coverage Affordable
- Aim for Universality
- Provide Portability of Coverage
- Guarantee Choice
- Invest in Prevention and Wellness
- Improve Patient Safety and Quality of Care
- Maintain Long- Term Fiscal Sustainability



Elements of Health Care Reform

- Public Plan Option
- Health Exchange/Insurance Reform
- Individual Mandate
- Employer Pay or Play
- Expansion of Medicaid
- Delivery System Reforms
- SGR