



Insight

# A Responsible Fantasy Budget

DOUGLAS HOLTZ-EAKIN | MARCH 20, 2015

I've been puzzling over the recent [assertion](#) by Committee for a Responsible Federal Budget (CRFB) that the proposed Sustainable Growth Rate (SGR) fix would blow a \$400 billion hole in the budget. One part was clear. They estimate \$210 billion in costs during the first 10 years. This requires they assume that – in the absence of the proposed fix – Congress would stand idly by and permit savage, double-digit cuts to doctors totaling \$140 billion.

Not in my lifetime. Not on this planet. Pure fantasy.

The second 10 years are even more puzzling. The SGR fix bill holds the growth of base doctor payments to between 0.5 and 1.0 percent annually (there are incentive payments as well). (For perspective, the Medicare Economic Index is expected to grow at a 2.5 percent rate in the latter half of the first decade.) That is dramatically slower than, for example, the projected [growth of premium income](#) that underlies [my estimate](#) of the impact of structural reforms on the growth of net Medicare spending. So where does their gross cost of \$350 billion come from?

By process of elimination, the only answer is that CRFB must be assuming a continuation of the savage cuts for a second 10 years.

Not in two lifetimes. Not on earth or Mars. Double pure fantasy.