

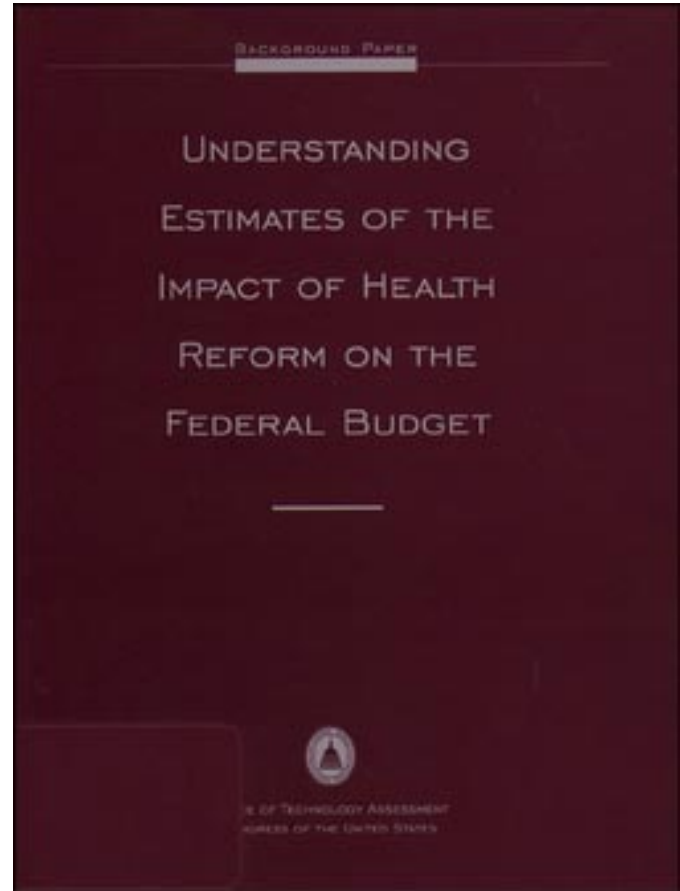
*Understanding Estimates of the Impact of  
Health Reform on the Federal Budget*

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# Foreword

**H**ealth care reform is at the top of the nation's domestic policy agenda, and numerous reform bills have been introduced in Congress. Each reform proposal takes a somewhat different approach to containing costs and providing insurance coverage to more people. A variety of organizations (for example, the Congressional Budget Office, the Administration, and private consulting firms) have estimated the economic effects of health reform on the federal budget. Because analysts often do not provide details about their estimation process, it is not always easy for people to understand why estimates differ.

This background paper describes and evaluates the sources of variation in analysts' estimates of the federal budget impacts of key reform provisions. In particular, it uses three different estimates of federal budget effects of the Health Security Act (from the Administration, the Congressional Budget Office, and Lewin-VHI, a private consulting firm) as an example of the types of factors that may cause analysts' estimates to differ. The paper also discusses potential variations in the estimates of federal budget effects of the American Health Security Act and the Managed Competition Act, and of health reform proposals in general. The background paper aims to improve understanding of the reasons for the differences among various estimates of federal budget effects under health reform.

This background paper is part of an OTA assessment, *Understanding the Estimates Under Health Reform*, that was requested by the members of the Technology Assessment Board (see inside front cover) and Senator Ted Stevens. OTA recently published the main report from the assessment, *Understanding Estimates of National Health Expenditures Under Health Reform*, which focuses on the assumptions used in estimates of national health expenditures under various reform proposals.

Numerous individuals, including an advisory panel chaired by Joseph Newhouse, assisted in the development of this report. OTA gratefully acknowledges the contribution of each of these individuals. As with all OTA publications, the final responsibility for the content of the background paper rests with OTA.



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**Note:** OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this background paper. OTA assumes full responsibility for the report and the accuracy of its contents.

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