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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

March 23, 2022

Dear Colleague,

Americans are all painfully aware that we now have a 7.9 percent inflation rate -- the highest rate of inflation in 40 years. Congress should be working to address the harmful effects of inflation and taking steps to address our ballooning debt crisis, driven by unsustainable mandatory spending. The wrong approach is to double down on skyrocketing spending during record-high inflation by extending the poorly targeted and badly designed Obamacare subsidy hikes, including for Americans with sizable six-figure salaries.

Last year, Congress enacted a partisan reconciliation bill on a party-line vote, unleashing \$1.9 trillion in new spending. The bill included a provision to temporarily remove the cap on Obamacare subsidy eligibility, along with measures intended to make these subsidies even larger, providing a windfall to insurance companies with minimal benefit for working families.

While this policy was initially marketed as emergency relief aimed at assisting Americans harmed by the pandemic, the Build Back Better Act sought to maintain the expansion of these Obamacare subsidies. The intent is clearly to make them permanent. The Congressional Budget Office (CBO) analysis shows that the entire tax-and spend bill, absent budget gimmicks, would cost \$4.9 trillion and increase deficits by \$3 trillion.

CBO estimates a permanent expansion of the Obamacare subsidies alone would cost \$220 billion over the next decade. Instead of improving the quality of Obamacare plans, this proposal would simply pass more of the costs onto taxpayers. By increasing the size of the subsidies and expanding the scope of those eligible to take advantage of them, this proposal would move us closer to a big-government takeover of the American health care system.

To illustrate the inefficiency of this expansion, the majority of new spending would actually go to individuals who already have health insurance coverage. Analysis from CBO and the Joint Committee on Taxation (JCT) projected that less than 35 percent of additional dollars for the premium tax credit expansion enacted by the partisan reconciliation bill would go to previously uninsured people. The other \$22 billion would be used to pay insurance companies more over two years to cover people who already had insurance.

The proposal also benefits wealthy Americans more than those with low incomes. Households making above 400 percent of the federal poverty line (FPL) would benefit far more than those

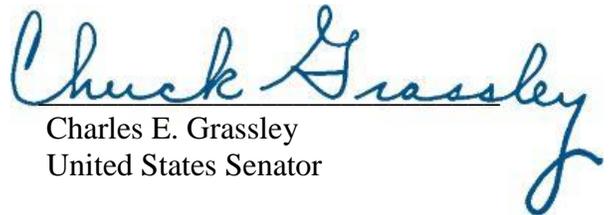
currently earning near the poverty line, since the latter group is already largely eligible for subsidy support. If enacted, Americans with six-figure salaries could find themselves eligible for taxpayer subsidies. In just two years, the federal government is projected to spend more than \$3 billion on subsidies to households making over 750 percent of the FPL, according to analysis from CBO and JCT, amounting to more than \$164,000 for a household of three for 2021.

We can and must do better. We stand ready to develop and advance bipartisan solutions to address Obamacare's numerous fundamental flaws and to make health care more affordable, accessible, and innovative. However, exacerbating Obamacare's problematic subsidy design to the benefit of upper-income Americans only worsens the structural financial problems facing our health care system. The Administration and Congressional Democrats should abandon this misguided course of action and instead combat the scores of real issues facing workers and families.

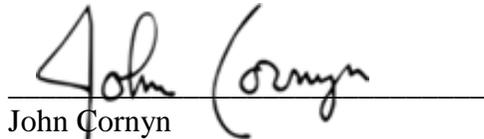
Sincerely,



Mike Crapo
United States Senator



Charles E. Grassley
United States Senator



John Cornyn
United States Senator



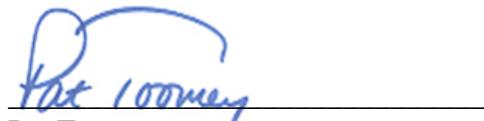
John Thune
United States Senator



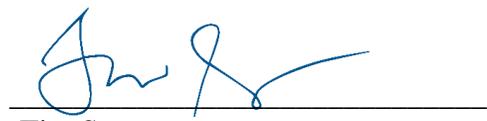
Richard Burr
United States Senator



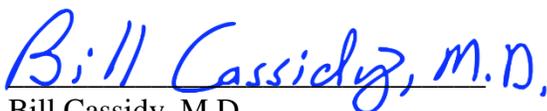
Rob Portman
United States Senator



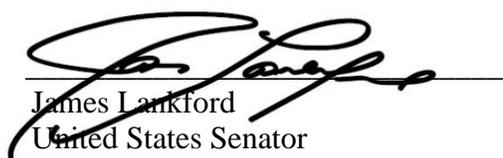
Pat Toomey
United States Senator



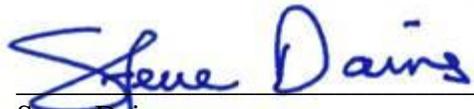
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