



Summary of CBO Score for America's Healthy Future Act

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The nonpartisan Congressional Budget Office recently released their score for the Finance Committee's bill, incorporating effects from all adopted amendments. The score estimates the effect on coverage expansion, incorporates federal costs from sources such as Medicaid expansion and insurance premium subsidies, and assesses revenues/savings from Medicare payment reform, industry fees, and excise taxes on high-cost insurance plans.

Overall, the CBO estimates that the bill will reduce the federal deficit by **\$81 billion** and expand insurance to **94% of the population** by 2019. As most of the reform provisions do not go into effect until 2014, the CBO expects a substantially greater reduction in the federal deficit from 2020-2029 with a total reduction between one-quarter and one-half percent of GDP.

Effect on Federal Budget

The analysis projects a gross cost of \$829 billion from 2010-2019, mainly from insurance subsidies and Medicaid expansion. Revenue provisions such as industry and excise taxes total \$311 billion, with a net federal cost estimated at \$518 billion. The CBO estimates that these costs will be more than offset from changes in payment rates and rules in Medicare, Medicaid, CHIP, and other federal health programs. Such changes include reductions in annual updates to Medicare payment

rates (\$162B), payment reforms in Medicare Advantage (\$117B), and reductions in disproportionate share hospital payments (\$45B).

Federal Costs	2010-2019 (billions of dollars)
Medicaid/CHIP expansion	345
Exchange Subsidies	461
Small Employer Tax Credits	23
Gross Cost	829

Federal Revenues	2010-2019 (billions of dollars)
Uninsured Individual Penalty	-4
Employer Penalty	-23
'Cadillac Plan' Excise Tax	-201
Industry Tax	-83
Total	-311

	2010-2019 (billions of dollars)
Net Federal Cost	518
Coverage Provision Savings	-404
Additional Revenues	-196
Net Effect on Deficit	-81

Effect on Insurance Expansion

Beginning in July 2013, the Act would require all individuals to have health insurance and establish new health insurance exchanges. Individuals between 100% and 400% FPL would be eligible for insurance premium subsidies, and Medicaid would expand to all individuals up to 133% FPL. Employers with more than 50 employees would be subject to a penalty if they did not offer credible coverage. Small and low-wage businesses would also be eligible for tax credits towards

employee health insurance. The federal government would cover around 90% of the costs of newly eligible enrollees, so the CBO estimates that states would be subject to an additional \$33 billion from 2010-2019.

By 2019, the CBO estimates that an additional 29 million individuals would have insurance coverage, leaving about 25 million uninsured. This represents an increase in insurance coverage from 83% in 2010 to 94% in 2019. About 8.3 million of those remaining uninsured would be unauthorized immigrants. The other two-thirds would be individuals exempt from the mandate who still cannot purchase affordable insurance even with a subsidy (high risk individuals at higher incomes) and a small number of individuals who choose not to purchase insurance.

The CBO determined that the proposed co-ops would have very little effect on enrollment or federal costs because, as described in the bill, they seem unlikely to establish a significant market presence in most areas of the country.

Insurance Expansion	2010-2019 (millions of individuals)
Through Exchange	23
Medicaid/CHIP	14
Co-ops	Negligible
Employer-sponsored	-3
Nongroup	-5
Total	29 million

For a full breakdown of cost and savings estimates for subtitles in the bill, see the CBO “Preliminary Analysis of the Chairman’s Mark for the America’s Healthy Future Act, as Amended” at <http://www.cbo.gov/doc.cfm?index=10642&type=1>