



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

February 10, 2009

Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Madam Speaker:

As you requested, the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) have estimated the number of people who would receive benefits under title III of H.R. 1, the American Recovery and Reinvestment Act of 2009, as passed by the House of Representatives on January 28, 2009.

Title III would allow states to extend Medicaid coverage to certain involuntarily separated, unemployed individuals and their families through December 31, 2010. The federal government would reimburse states for 100 percent of the costs incurred by individuals who enroll in Medicaid under this title. Eligible individuals would not be permitted to enroll in Medicaid if they are enrolled in another health insurance plan.

Some involuntarily separated individuals who do not enroll in Medicaid under this title would elect continuation of their employer's group health insurance coverage as permitted under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Most individuals who choose COBRA continuation of their employer's health plan pay an unsubsidized monthly premium. Under title III of H.R. 1, the federal government would assume 65 percent of the cost of COBRA health insurance premiums for up to 12 months for individuals involuntarily separated from their employer after August 31, 2008, and before January 1, 2010.

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By the end of calendar year 2009, JCT estimates that approximately 7 million adults and dependent children would receive the COBRA subsidy. CBO estimates that an additional 1.2 million adults and dependent children would receive Medicaid benefits under H.R.1. These estimates are mutually exclusive and account for the choice between Medicaid and the COBRA subsidy made by individuals who would be dually eligible for assistance under both proposals.

If you would like further information about this estimate, the CBO staff contact is Andrea Noda.

Sincerely,

Douglas W. Elmendorf
Director

cc: Honorable Charles B. Rangel
Chairman
Committee on Ways and Means

Honorable David Camp
Ranking Member

Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce

Honorable Joe Barton
Ranking Member