



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

Peter R. Orszag, Director

August 24, 2007

Honorable Max Baucus  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office (CBO) and the Joint Committee on Taxation have prepared the enclosed cost estimate for H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007, as passed by the Senate on August 2, 2007.

On July 26, 2007, CBO issued an estimate for the Children's Health Insurance Program Reauthorization Act of 2007, based on the legislative language (ERN07632) that was provided by the Committee on Finance earlier that day. There are only minor differences between the two versions of the legislation, and CBO's estimates of their budgetary effects are identical.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Eric Rollins and Jeanne De Sa.

Sincerely,

Peter R. Orszag

Enclosure

cc: Honorable Charles E. Grassley  
Ranking Member

# CBO's Estimate of Changes in SCHIP and Medicaid Enrollment of Children under H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007

(As passed by the Senate on August 2, 2007)

All figures are average monthly enrollment, in millions of individuals. Components may not sum to totals because of rounding.

	SCHIP /a/				Medicaid /b/				SCHIP/Medicaid total		
	Enrollees moved to SCHIP	Reduction in the uninsured	Reduction in private coverage	Total	Enrollees moved to SCHIP	Reduction in the uninsured	Reduction in private coverage	Total	Reduction in the uninsured	Reduction in private coverage	Total
<b>FISCAL YEAR 2012:</b>											
CBO's baseline projections				3.3				25.0			28.3
Effect of providing funding to maintain current SCHIP programs	0.6	0.8	0.5	1.9	-0.6	n.a.	n.a.	-0.6	0.8	0.5	1.3
Effect of additional SCHIP funding and other provisions:											
Additional enrollment within existing eligibility groups /c/ /d/	n.a.	0.9	0.6	1.5	n.a.	1.7	0.4	2.2	2.7	1.0	3.7
Expansion of SCHIP eligibility to new populations	n.a.	0.6	0.6	1.1	n.a.	n.a.	n.a.	n.a.	0.6	0.6	1.1
Subtotal	n.a.	1.5	1.2	2.6	n.a.	1.7	0.4	2.2	3.2	1.6	4.8
Total proposed changes	0.6	2.2	1.7	4.5	-0.6	1.7	0.4	1.5	4.0	2.1	6.1
Estimated enrollment under proposal				7.9				26.5			34.4

**Notes:**

- /a/ The figures in this table include the program's adult enrollees, who account for less than 10 percent of total SCHIP enrollment.
  - /b/ The figures in this table do not include children who receive Medicaid because they are disabled.
  - /c/ For simplicity of display, the Medicaid figures in this line include the additional children enrolled as a side effect of expansions of SCHIP eligibility.
  - /d/ The Medicaid figures and SCHIP/Medicaid totals in this line include about 100,000 adults who would gain eligibility under section 301 of the bill.
- n.a. = not applicable

# CBO's Estimate of the Effects on Direct Spending and Revenues of H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007

(As passed by the Senate on August 2, 2007)

Figures are outlays, by fiscal year, in billions of dollars. Costs or savings of less than \$50 million are shown with an asterisk. Components may not sum to totals because of rounding.

Section	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
<b>CHANGES IN DIRECT SPENDING</b>												
SCHIP outlays from the funding provided in sections 101, 103, 104, and 105 of the bill												
Benefits and administrative costs	2.2	3.8	5.5	6.5	7.4	-0.4	-1.8	-1.8	-1.7	-1.6	25.4	18.1
Incentive payments	0	0.4	0.6	0.8	0.9	1.0	1.1	1.2	1.2	1.3	2.7	8.4
Subtotal	2.2	4.1	6.1	7.2	8.4	0.6	-0.7	-0.6	-0.4	-0.3	28.1	26.5
Medicaid outlays due to interactions with the SCHIP outlays shown above	-0.3	0.3	1.2	1.6	1.8	4.5	6.0	7.1	7.7	8.4	4.7	38.4
Other changes in direct spending that are not included with the SCHIP and Medicaid totals above												
104 Additional administrative funding for territories	*	*	*	*	*	*	*	*	*	*	0.1	0.1
105 Funding for improved reporting of Medicaid enrollment	*	*	0	0	0	0	0	0	0	0	*	*
108 Contingency fund	0	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	1.1
201 Grants for outreach and enrollment	*	*	*	*	0.1	*	*	*	*	*	0.2	0.4
203 Express Lane demonstration project	*	*	*	*	*	0	0	0	0	0	*	*
301 Revise requirement to document citizenship	0	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.6	1.4	3.7
501 Development of quality measures for child health	*	0.1	0.1	0.1	0.1	*	*	*	*	*	0.3	0.4
604 Additional funding for Current Population Survey	*	*	*	*	*	*	*	*	*	*	0.1	0.1
608 Dental health grants	*	0.1	0.1	0.1	*	0	0	0	0	0	0.2	0.2
609 Transition grants for payment of FQHC / RHC services	*	*	0	0	0	0	0	0	0	0	*	*
Subtotal	0.1	0.5	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	2.4	6.1
Total changes in direct spending	2.1	5.0	7.9	9.4	10.8	5.8	6.0	7.2	8.0	8.9	35.2	71.0

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Section	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
<b>CHANGES IN REVENUES</b>												
On-budget revenues												
701 Increased taxes on tobacco products	6.2	7.6	7.4	7.3	7.3	7.2	7.1	7.1	7.0	6.9	35.7	71.1
703 Change timing of corporate estimated tax payments	0	0	0	0	-0.9	0.9	0	0	0	0	-0.9	0
Effect of SCHIP provisions on on-budget revenues	*	0.1	0.1	0.1	0.1	0.1	*	*	*	*	0.5	0.7
Subtotal	6.2	7.7	7.5	7.4	6.5	8.2	7.2	7.1	7.0	7.0	35.3	71.7
Off-budget revenues (due to SCHIP provisions)	0.1	0.2	0.2	0.2	0.2	0.1	*	*	*	0.1	0.8	1.1
Total changes in revenues	6.3	7.8	7.7	7.6	6.7	8.3	7.2	7.1	7.1	7.0	36.1	72.8
Net budgetary effect of legislation												
Direct spending and on-budget revenues	-4.2	-2.7	0.4	2.0	4.3	-2.4	-1.2	0.1	1.0	1.9	-0.1	-0.8
Direct spending and all revenues	-4.3	-2.8	0.2	1.8	4.1	-2.5	-1.2	*	0.9	1.8	-0.9	-1.8
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Memorandum:												
SCHIP outlays under CBO's baseline	5.4	5.4	5.5	5.5	5.6	5.5	5.3	5.3	5.2	5.1	27.4	53.8
Additional SCHIP outlays under proposal	2.3	4.3	6.2	7.4	8.5	0.7	-0.6	-0.5	-0.3	-0.2	28.6	27.9
Total SCHIP outlays under proposal	7.7	9.7	11.7	12.9	14.1	6.2	4.7	4.8	4.9	5.0	56.1	81.7