CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 22, 2015

H.R. 1270
Restoring Access to Medication Act of 2015

As ordered reported by the House Committee on Ways and Means on September 17, 2015

SUMMARY

H.R. 1270 would amend the Internal Revenue Code to repeal the provisions that disqualify expenses for over-the-counter medicine under health savings accounts (HSAs), Archer medical savings accounts (Archer MSAs), health flexible spending arrangements (FSAs), and health reimbursement arrangements (HRAs). The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 1270 would reduce revenues by about $6.6 billion over the 2016-2025 period. Of that reduction, about $1.2 billion would result from changes in off-budget revenues (from Social Security payroll taxes, which are categorized as off-budget). Pay-as-you-go procedures apply because enacting the legislation would affect on-budget revenues.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1270 is shown in the following table.

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN REVENUES												
Estimated Revenues	-305	-527	-561	-600	-645	-695	-744	-796	-852	-909	-2,638	-6,634
On-budget	-223	-407	-461	-490	-530	-580	-619	-661	-712	-769	-2,111	-5,452
Off-budget	-82	-120	-100	-110	-115	-115	-125	-135	-140	-140	-527	-1,182

Source: Staff of the Joint Committee on Taxation.

BASIS OF ESTIMATE

The bill would allow taxpayers to be reimbursed for purchases of over-the-counter medications from their HSAs, Archer MSAs, FSAs, and HRAs. Under current law, expenses for over-the-counter medications are not eligible for reimbursement from those accounts unless the medicine is prescribed by a physician. The bill would expand the expenses eligible for reimbursement under these health accounts, which provide tax-favored treatment for medical expenses. The bill would be effective for expenses incurred after December 31, 2015. JCT estimates that enacting H.R. 1270 would reduce on-budget revenues by about $5.4 billion and off-budget revenues by about $1.2 billion from 2016 through 2025, thereby increasing federal deficits by about $6.6 billion over that period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table. Only on-budget changes to outlays or revenues are subject to pay-as-you-go procedures.

CBO Estimate Of Pay-As-You-Go Effects for H.R. 1270, as ordered reported by the House Committee on Ways and Means on September 17, 2015.

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
NET INCREASE IN THE ON-BUDGET DEFICIT												
Statutory Pay-As-You-Go Effects	223	407	461	490	530	580	619	661	712	769	2,111	5,452

Source: Staff of the Joint Committee on Taxation.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in UMRA.

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