



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 12, 2015

H.R. 2506
Seniors' Health Care Plan Protection Act of 2015
As ordered reported by the House Committee on Ways and Means on June 2, 2015

H.R. 2506 would prohibit the Centers for Medicare and Medicaid Services (CMS) from terminating Medicare Advantage contracts that fail to achieve a minimum quality rating. That prohibition would be in effect until 2019. Under current law, CMS has announced that, beginning with contracts for calendar year 2017, it will exercise its authority to not renew contracts that for three consecutive years do not achieve at least three stars under the five-star rating system. Thus, enacting H.R. 2506 would permit certain plans to continue operating in 2017 and 2018 that otherwise will be terminated under current law. Those plans tend to receive slightly lower payments than other Medicare Advantage plans in the same areas, in part because they do not receive bonus payments under the five-star rating system.

CBO projects that very few beneficiaries will be enrolled in plans that fail to achieve minimum quality ratings, and thus would be subject to the changes under the legislation. Permitting those plans to continue operating would reduce direct spending by \$30 million over the 2016-2025 period, CBO estimates. Because the legislation would affect direct spending, pay-as-you-go procedures apply. The net changes in direct spending that are subject to pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 2506, as ordered reported by the House Committee on Ways and Means on June 2, 2015

	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
NET DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-10	-15	-5	0	0	0	0	0	0	-30	-30

H.R. 2506 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local or tribal governments.

The CBO staff contact for this estimate is Paul Masi. The estimate was approved by Holly Harvey, Deputy Assistant Director for Budget Analysis.