



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 16, 2015

### **H.R. 3134** **Defund Planned Parenthood Act of 2015**

*As introduced on July 21, 2015*

#### **SUMMARY**

H.R. 3134 would, for a one-year period following enactment, prohibit federal funds from being made available to Planned Parenthood Federation of America or any of its affiliates or clinics (collectively referred to as Planned Parenthood for this estimate), unless such entities certify that the affiliates or clinics will not perform, and will not provide any funds to any other entity that performs, an abortion during such period.

The effects that H.R. 3134 would have on federal spending are highly uncertain and would depend largely on the extent to which individuals who otherwise would obtain Medicaid-funded services from Planned Parenthood would either:

- Continue to obtain services from Planned Parenthood without Medicaid reimbursement;
- Obtain services from other health clinics and medical practitioners that receive Medicaid reimbursement; or,
- No longer obtain such services.

After considering a range of possible outcomes, CBO estimates that the center of that range would be a reduction in direct spending totaling \$235 million over the 2016-2025 period. Because enacting this legislation would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

H.R. 3134 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. 3134 is shown in the following table. CBO expects the effects of this legislation to fall mostly within budget function 550 (health). For this estimate, CBO assumes that H.R. 3134 will be enacted near the end of calendar year 2015.

	By Fiscal Year, in Millions of Dollars										2016- 2020	2016- 2025
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
<b>CHANGES IN DIRECT SPENDING</b>												
Estimated Budget Authority	-235	-10	5	5	*	*	*	*	*	0	-235	-235
Estimated Outlays	-235	-10	5	5	*	*	*	*	*	0	-235	-235

Note: \* = between \$0 and \$500,000.

## BASIS OF ESTIMATE

H.R. 3134 would, for a one-year period following enactment, prohibit federal funds from being made available to Planned Parenthood. Based on information from a variety of government and private sources, CBO estimates that Planned Parenthood receives approximately \$450 million annually in federal funds. Of that amount, roughly \$390 million is provided through the Medicaid program and less than \$1 million is provided through the Children’s Health Insurance Program and the Medicare program combined. The remaining amount, approximately \$60 million, is provided through the National Family Planning Program, which operates under Title X of the Public Health Service Act (commonly referred to as Title X). Funding for that latter program is subject to appropriation.

### Direct Spending

The budgetary effects of this bill depend mostly on whether Planned Parenthood would decide to continue providing services without Medicaid reimbursement. CBO estimates that federal funds accounted for about one-third of Planned Parenthood’s total revenues in 2013. The extent to which federal funding would be replaced by nonfederal resources during the year in which the prohibition would be in effect is highly uncertain. The amount replaced would depend on actions taken by Planned Parenthood and by others, including state and local governments.

If none of the federal funds were replaced, CBO expects that some of the Medicaid beneficiaries who would obtain services from Planned Parenthood under current law would not obtain services at all, leading to lower Medicaid spending. Other people would continue to receive services—from providers that are eligible for Medicaid reimbursement. For those people, CBO estimates that there would be little change in Medicaid spending.

If almost all federal funds were replaced, CBO expects that most Medicaid beneficiaries currently served by Planned Parenthood would continue to obtain services from Planned Parenthood, but at no cost to Medicaid. Under that circumstance, there would be little change in the services provided by Planned Parenthood and a large reduction in Medicaid spending for those services.

CBO has no clear basis for assessing the extent to which Planned Parenthood would be able to replace Medicaid funding. Therefore, for this estimate, CBO assumed that in the one-year period in which federal funds would not be available to Planned Parenthood, approximately half of the federal funds Planned Parenthood would otherwise receive from Medicaid would be replaced, the center of a wide range of possible outcomes. CBO estimates the combination of the effects described above would reduce direct spending by \$255 million in 2016 and by \$295 million over the 2016-2025 period. Those savings would be partially offset by increased spending for other Medicaid services as discussed below.

To the extent that there would be reductions in access to care under H.R. 3134, they would affect services that help women avert pregnancies. The people most likely to experience reduced access to care would probably reside in areas without access to other health care clinics or medical practitioners who serve low-income populations. However, the extent to which Medicaid beneficiaries served by Planned Parenthood live in such areas is uncertain. On the basis of an analysis of Essential Community Providers that offer family planning services compiled by the Health Resources and Services Administration, CBO estimates that as little as 5 percent or as much as 25 percent of the estimated 2.6 million clients served by Planned Parenthood would face reduced access to care. For this estimate CBO projects that 15 percent of those people would lose access to care, the center of the distribution of possible outcomes.

The government would incur some costs for Medicaid beneficiaries currently served by Planned Parenthood who under the bill would not receive services that help women avert pregnancies. Because the costs of about 45 percent of all births are paid for by the Medicaid program, CBO estimates that additional births that would result from enacting H.R. 3134 would add to federal spending for Medicaid. In addition, some of those children would themselves qualify for Medicaid and possibly for other federal programs. In the one-year period in which federal funds for Planned Parenthood would be prohibited under the bill, CBO estimates the number of births in the Medicaid program

would increase by several thousand, increasing direct spending for Medicaid by \$20 million in 2016 and by \$60 million over the 2016-2020 period. Netting those costs against the savings estimated above, CBO estimates that implementing the bill would reduce direct spending by \$235 million over the 2016-2025 period.

### Spending Subject to Appropriation

In 2013, Planned Parenthood received approximately \$60 million under Title X. Services funded by Title X include contraceptive education and counseling; pregnancy diagnosis and counseling; cervical and breast cancer screening; and education, testing, and referral services associated with sexually transmitted diseases. CBO estimates that the bill would not affect spending subject to appropriations because any discretionary grants, such as those made under Title X, that might otherwise have gone to Planned Parenthood would be awarded to other health clinics or medical practitioners.

### 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 outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3134, as introduced on July 21, 2015

	By Fiscal Year, in Millions of Dollars												2015- 2020	2015- 2025
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
<b>NET DECREASE (-) IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	-235	-10	5	5	*	*	*	*	*	0	-235	-235	

Note: \* = between \$0 and \$500,000.

### INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3134 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would reduce both federal and state spending for Medicaid. The state share of reduced Medicaid spending would amount to approximately \$90 million over the 2016-2025 period, CBO estimates.

## **PREVIOUS ESTIMATE**

On August 3, 2015, CBO provided a preliminary analysis of the potential effects of S. 1881, a bill to prohibit federal funding of Planned Parenthood Federation of America, as introduced on July 28, 2015. The two bills are similar except that S. 1881 would permanently prohibit federal funding for Planned Parenthood, which would increase the substitution of Medicaid services by other health care clinics and medical practitioners and increase the extent to which Medicaid beneficiaries forgo services in future years. CBO has not completed an estimate for S. 1881.