

**ESTIMATE OF DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 3762, THE RESTORING AMERICANS' HEALTHCARE FREEDOM RECONCILIATION ACT, AS PASSED BY THE SENATE ON DECEMBER 3, 2015<sup>a</sup>**

(Billions of Dollars, by Fiscal Year)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
<b>ESTIMATED CHANGES WITHOUT MACROECONOMIC FEEDBACK</b>												
<b>Changes in Direct Spending</b>												
<b>Coverage Provisions In Titles I and II<sup>b,c,d</sup></b>												
Estimated Budget Authority	-22.1	-26.2	-111.8	-148.8	-157.0	-165.3	-174.4	-182.5	-190.6	-197.7	-465.9	-1,376.4
Estimated Outlays	-22.1	-26.2	-111.8	-148.8	-157.0	-165.3	-174.4	-182.5	-190.6	-197.7	-465.9	-1,376.4
On-Budget	-22.1	-26.2	-111.2	-147.9	-156.1	-164.3	-173.4	-181.5	-189.6	-196.5	-463.5	-1,368.8
Off-Budget	0	0	-0.6	-0.9	-0.9	-1.0	-1.0	-1.0	-1.1	-1.1	-2.5	-7.7
<b>Title I—Health, Education, Labor and Pensions</b>												
<b>Sec. 101 - Prevention and Public Health Fund</b>												
Estimated Budget Authority	-1.0	-1.0	-1.3	-1.3	-1.5	-1.5	-2.0	-2.0	-2.0	-2.0	-6.0	-15.5
Estimated Outlays	-0.2	-0.5	-0.9	-1.1	-1.3	-1.4	-1.6	-1.8	-1.9	-2.0	-4.1	-12.7
<b>Sec. 102 - Community Health Center Program</b>												
Estimated Budget Authority	0.2	0.2	0	0	0	0	0	0	0	0	0.5	0.5
Estimated Outlays	0.1	0.2	0.1	*	0	0	0	0	0	0	0.5	0.5
<b>Sec. 103 - Territories</b>												
Estimated Budget Authority	0	0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
Estimated Outlays	0	0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2
<b>Sec. 104 - Reinsurance, Risk Corridor, and Risk Adjustment Programs</b>												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
<b>Sec. 105 - Support for State Response to Substance Abuse Public Health Crisis</b>												
Estimated Budget Authority	0.8	0.8	0	0	0	0	0	0	0	0	1.5	1.5
Estimated Outlays	0.1	0.4	0.5	0.3	0.1	*	0	0	0	0	1.4	1.5
<b>Title II—Finance</b>												
<b>Sec. 201 - Recapture Excess Advance Payments of Premium Tax Credits</b>												
Estimated Budget Authority	-1.8	-3.3	-1.1	0	0	0	0	0	0	0	-6.1	-6.1
Estimated Outlays	-1.8	-3.3	-1.1	0	0	0	0	0	0	0	-6.1	-6.1
<b>Sec. 202 - Premium Tax Credit and Cost Sharing Reductions</b>												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
<b>Sec. 203 - Small Business Tax Credit</b>												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
<b>Sec. 204 - Individual Mandate</b>												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
<b>Sec. 205 - Employer Mandate</b>												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											

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(Billions of Dollars, by Fiscal Year)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016- 2020	2016- 2025
Sec. 206 - Federal Payment to States												
Estimated Budget Authority	-0.2	*	*	*	*	*	*	*	*	0	-0.2	-0.2
Estimated Outlays	-0.2	*	*	*	*	*	*	*	*	0	-0.2	-0.2
Sec. 207 - Medicaid (Coverage)												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
Sec. 207 - Medicaid (Non-Coverage)												
Estimated Budget Authority	0	0	-1.6	-2.3	-1.6	-1.7	-1.8	-1.9	-2.0	-2.1	-5.5	-15.0
Estimated Outlays	0	0	-1.6	-2.3	-1.6	-1.7	-1.8	-1.9	-2.0	-2.1	-5.5	-15.0
Sec. 208 - Repeal of DSH Allotment Reductions												
Estimated Budget Authority	0	0	1.5	2.4	3.4	4.3	5.3	6.2	7.2	7.2	7.2	37.5
Estimated Outlays	0	0	1.5	2.4	3.4	4.3	5.3	6.2	7.2	7.2	7.2	37.5
Sec. 209 - Repeal of the Tax on Employee Health Insurance Premiums and Health Plan Benefits												
Estimated Budget Authority	<i>included in coverage estimate</i>											
Estimated Outlays	<i>included in coverage estimate</i>											
Sec. 223 - Budgetary Savings for Extending Medicare Solvency												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Changes in Direct Spending</b>												
Estimated Budget Authority	-24.2	-29.5	-114.4	-150.1	-156.7	-164.2	-172.9	-180.2	-187.4	-194.6	-474.9	-1,374.1
Estimated Outlays	-24.3	-29.3	-113.4	-149.6	-156.4	-164.0	-172.5	-179.9	-187.4	-194.6	-473.0	-1,371.4
<i>On-Budget</i>	-24.3	-29.3	-112.8	-148.7	-155.5	-163.1	-171.5	-178.9	-186.3	-193.4	-470.6	-1,363.8
<i>Off-budget</i>	0.0	0.0	-0.6	-0.9	-0.9	-1.0	-1.0	-1.0	-1.1	-1.1	-2.5	-7.7
<b>Changes in Revenues</b>												
<b>Coverage Provisions In Titles I and II<sup>b,c,d</sup></b>												
Estimated Revenues	-18.0	-14.4	-29.5	-43.2	-46.3	-50.2	-56.2	-62.1	-68.4	-74.9	-151.3	-463.1
<i>On-Budget</i>	-19.2	-18.0	-24.2	-34.0	-36.8	-39.6	-44.2	-49.0	-54.1	-58.6	-132.2	-377.8
<i>Off-Budget</i>	1.2	3.5	-5.3	-9.2	-9.4	-10.6	-11.9	-13.1	-14.3	-16.3	-19.1	-85.3
<b>Title II—Finance</b>												
Sec. 201 - Recapture Excess Advance Payments of Premium Tax Credits	0.2	1.2	1.1	0	0	0	0	0	0	0	2.6	2.6
Sec. 202 - Premium Tax Credit and Cost Sharing Reductions	<i>included in coverage estimate</i>											
Sec. 203 - Small Business Tax Credit	<i>included in coverage estimate</i>											
Sec. 204 - Individual Mandate	<i>included in coverage estimate</i>											
Sec. 205 - Employer Mandate	<i>included in coverage estimate</i>											
Sec. 209 - Repeal of the Tax on Employee Health Insurance Premiums and Health Plan Benefits	<i>included in coverage estimate</i>											
Sec. 210 - Repeal of Tax on Over-the-Counter Medications	-0.3	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.8	-0.9	-0.9	-2.7	-6.7
Sec. 211 - Repeal of Tax on Health Savings Accounts	*	*	*	*	*	*	*	*	*	*	*	-0.1
Sec. 212 - Repeal of Limitations on Contributions to Flexible Spending Accounts	-1.4	-2.4	-2.7	-2.9	-3.1	-3.4	-3.6	-3.9	-4.4	-4.4	-12.6	-32.0

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(Billions of Dollars, by Fiscal Year)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
Sec. 213 - Repeal of Tax on Prescription Medications	-2.9	-3.9	-4.0	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7	-16.1	-29.6
Sec. 214 - Repeal of Medical Device Excise Tax	-1.4	-2.0	-2.1	-2.2	-2.3	-2.5	-2.6	-2.8	-2.9	-3.1	-10.0	-23.9
Sec. 215 - Repeal of Health Insurance Tax	-9.9	-12.0	-12.5	-13.1	-13.8	-14.6	-15.5	-16.4	-17.0	-17.5	-61.2	-142.2
Sec. 216 - Repeal of Elimination of Deduction for Expenses Allocable to Medicare Part D Subsidy	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.8	-1.8
Sec. 217 - Repeal of Chronic Care Tax	-0.6	-2.0	-3.4	-3.7	-4.1	-4.5	-4.9	-5.3	-5.7	-6.1	-13.7	-40.0
Sec. 218 - Repeal of Medicare Tax Increase	-6.4	-8.9	-10.1	-10.9	-11.7	-12.7	-13.8	-14.9	-16.1	-17.6	-48.0	-123.0
Sec. 219 - Repeal of Tanning Tax	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4	-0.8
Sec. 220 - Repeal of Net Investment Tax	-15.1	-7.7	-20.8	-21.8	-22.9	-24.1	-25.5	-26.8	-28.2	-29.7	-88.4	-222.8
Sec. 221 - Remuneration	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.6
Sec. 222 - Economic Substance Doctrine	-0.3	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-2.5	-5.8
<b>Total Changes in Revenues</b>	<b>-56.2</b>	<b>-53.5</b>	<b>-85.4</b>	<b>-102.0</b>	<b>-108.4</b>	<b>-116.4</b>	<b>-126.4</b>	<b>-136.8</b>	<b>-147.4</b>	<b>-158.0</b>	<b>-405.4</b>	<b>-1,089.8</b>
<i>On-Budget</i>	<i>-57.0</i>	<i>-56.2</i>	<i>-79.0</i>	<i>-91.8</i>	<i>-97.8</i>	<i>-104.6</i>	<i>-113.2</i>	<i>-122.3</i>	<i>-131.6</i>	<i>-140.2</i>	<i>-381.5</i>	<i>-992.7</i>
<i>Off-Budget</i>	<i>0.8</i>	<i>2.6</i>	<i>-6.4</i>	<i>-10.3</i>	<i>-10.6</i>	<i>-11.8</i>	<i>-13.2</i>	<i>-14.5</i>	<i>-15.8</i>	<i>-17.8</i>	<i>-23.9</i>	<i>-97.2</i>
<b>Net Increase or Decrease (-) in the Deficit Without Macroeconomic Feedback<sup>e,f</sup></b>												
<b>Impact on Deficit</b>	<b>31.9</b>	<b>24.2</b>	<b>-28.0</b>	<b>-47.6</b>	<b>-48.0</b>	<b>-47.7</b>	<b>-46.1</b>	<b>-43.2</b>	<b>-40.0</b>	<b>-36.6</b>	<b>-67.6</b>	<b>-281.6</b>
<i>On-Budget</i>	<i>32.7</i>	<i>26.8</i>	<i>-33.8</i>	<i>-56.9</i>	<i>-57.7</i>	<i>-58.5</i>	<i>-58.3</i>	<i>-56.6</i>	<i>-54.7</i>	<i>-53.2</i>	<i>-89.1</i>	<i>-371.1</i>
<i>Off-Budget</i>	<i>-0.8</i>	<i>-2.6</i>	<i>5.8</i>	<i>9.3</i>	<i>9.7</i>	<i>10.8</i>	<i>12.2</i>	<i>13.4</i>	<i>14.7</i>	<i>16.6</i>	<i>21.5</i>	<i>89.5</i>

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: Numbers may not add up to totals because of rounding; \* = an increase or decrease between zero and \$50 million.

This amendment triggers the requirement for a macroeconomic analysis. However, because of the very short time available to prepare this estimate, CBO and JCT have determined that it is not practicable to provide that analysis at this time.

- a. For outlays, a positive number indicates an increase (adding to the deficit) and a negative number indicates a decrease (reducing the deficit); for revenues, a positive number indicates an increase (reducing the deficit) and a negative number indicates a decrease (adding to the deficit); for the deficit, a positive number indicates an increase and a negative number indicates a reduction.
- b. Estimate is for the combined total of each section where "included in coverage estimate" is noted. CBO and JCT estimate that each section noted as such has a budgetary effect but the agencies are not able to produce unique estimates for each because the provisions interact with each other and their effects are estimated simultaneously.
- c. The projected savings from the coverage provisions of this amendment are smaller than those that would stem from repealing all of the coverage provisions of the Affordable Care Act (ACA). The amendment would leave in place certain rules established by the ACA that govern health insurance markets, including guaranteed issue and renewability of coverage, the requirement that health insurance cover certain health benefits, and rating rules that limit the extent to which premiums can vary based on individual characteristics. The amendment also retains provisions related to coverage for young adults. CBO and JCT project that repealing the subsidies and mandates established by the ACA while leaving in place the insurance market reforms would result in a less healthy population in the nongroup market and correspondingly higher average premiums. In addition, the market for nongroup insurance, particularly in smaller states, could become unstable, leading to very low to no participation by insurers and consumers.
- d. Without taking into account effects on coverage from leaving in place the ACA's insurance market reforms while repealing the subsidies and mandates, CBO and JCT estimate that enacting H.R. 3762 would increase the number of people without health insurance coverage—relative to current-law projections—by about 22 million people in most years after 2017. That increase in the uninsured population would consist of roughly 14 million fewer individuals with coverage under Medicaid or the Children's Health Insurance Program, about 10 million more individuals with employment-based coverage, and 18 million fewer individuals with coverage obtained in the nongroup market (including individual policies purchased through the exchanges or directly from insurers in the nongroup market). CBO and JCT have not estimated the changes in coverage from leaving in place the ACA's insurance market reforms while repealing the subsidies and mandates. However, the agencies expect that relative to the numbers provided above, leaving the market reforms in place would lead to a further reduction in the number of people covered in the nongroup market and an additional increase in the number of uninsured and people with employment-based insurance.
- e. Excluding macroeconomic feedback, CBO and JCT estimate that enacting the legislation would not increase net direct spending in any of the four consecutive 10-year periods beginning in 2026. The agencies estimate that enacting the legislation would increase on-budget deficits by at least \$5 billion in at least one of the four consecutive 10-year periods beginning in 2026.
- f. CBO and JCT estimate that titles I and II would each reduce on-budget deficits by more than \$1 billion over the 2016-2025 period.