CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 22, 2016

H.R. 4723
Protecting Taxpayers by Recovering Improper Obamacare Subsidy Overpayments Act

As ordered reported by the House Committee on Ways and Means on March 16, 2016

H.R. 4723 would amend the Internal Revenue Code to provide for the recovery of overpayments resulting from certain federally subsidized health insurance. Under current law, qualified taxpayers are eligible to receive refundable tax credits to assist in the purchase of health insurance through the health insurance marketplaces established by the Affordable Care Act. The amount of those premium assistance credits are based on family size and income, and the advance payments of the credits is based on income estimated for the current year. If taxpayers' circumstances change and their advance payments exceed the premium assistance credits to which they are entitled, they may be required to repay some or all of the credits, subject to certain limits based on income. Enacting H.R. 4723 would eliminate existing limits on the amounts required to be repaid by taxpayers. Taxpayers would therefore be liable for the full amount of overpayments, beginning in tax year 2017.

The staff of the Joint Committee on Taxation (JCT) estimates that relative to CBO's January 2016 baseline, the legislation would decrease outlays by $45.8 billion and increase revenues by $15.8 billion over the 2016-2026 period. JCT therefore estimates that the legislation would reduce federal budget deficits by $61.6 billion over the 2016-2026 period. The change in revenues includes a reduction of about $718 million over the 2016-2026 period that would result from changes in off-budget revenues (from Social Security payroll taxes).

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. The estimated net decrease in the deficit is 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. 4723, as ordered reported by the House Committee on Ways and Means on March 16, 2016

	By Fiscal Year, in Millions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
NET DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	-3,015	-5,763	-5,992	-6,024	-6,204	-6,496	-6,778	-7,076	-7,344	-7,622	-27,000	-62,315
Memorandum:[a]													
Change in Outlays	0	-2,724	-4,156	-4,272	-4,306	-4,478	-4,719	-4,943	-5,176	-5,386	-5,603	-19,936	-45,763
Change in On-Budget Revenues	0	291	1,607	1,720	1,718	1,726	1,777	1,835	1,900	1,958	2,019	7,064	16,552
Change in Off-Budget Revenues	*0*	*0*	*-64*	*-69*	*-72*	*-76*	*-80*	*-84*	*-87*	*-91*	*-94*	*-282*	*-718*

Source: Staff of the Joint Committee on Taxation.

a. A negative sign for outlays indicates a reduction in outlays. A positive sign for revenues indicates an increase in revenues.

JCT estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four 10-year periods beginning in 2027.

JCT has determined that the bill contains no intergovernmental mandates but would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). Based on information provided by JCT, the cost of the provision's private-sector mandate would exceed the annual threshold established in UMRA for private-sector mandates ($157 million in 2017, adjusted annually for inflation) beginning in 2017.

The CBO staff contact for this estimate is Nathaniel Frentz. The estimate was approved by Mark Booth, Unit Chief, Revenue Estimating.