



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 15, 2016

### **H.R. 954** **CO-OP Consumer Protection Act of 2016**

*As ordered reported by the House Committee on Ways and Means on September 8, 2016*

H.R. 954 would provide an exemption from the individual health insurance mandate for certain individuals who had coverage under a health plan that was issued under the Consumer Operated and Oriented Plan (CO-OP) program and later terminated. The CO-OP program was established by the Affordable Care Act and included federal loans to foster the creation of nonprofit plans that would offer health insurance to individuals and small employers. Under current law, individuals are required to maintain minimum essential coverage under a health insurance plan or pay a penalty for any month that they do not maintain such coverage, unless they qualify for one of the existing exemptions.

H.R. 954 would exempt individuals from the mandate and from resulting penalties (which are recorded as revenues in the federal budget) under certain circumstances. Individuals enrolled in a health plan issued through the CO-OP program would be exempt from the individual mandate for the remaining months in a calendar year if that plan was terminated partway through the year. The changes from enacting H.R. 954 would be effective retroactively, starting on January 1, 2014.

The staff of the Joint Committee on Taxation (JCT) estimates that the legislation would reduce revenues by \$4 million over the 2016-2026 period. JCT also estimates that H.R. 954 would reduce direct spending by less than \$500,000 over the 2016-2026 period, reflecting very small changes in subsidies for insurance purchased through health insurance marketplaces established by the Affordable Care Act. JCT therefore estimates that the legislation would increase federal budget deficits by \$4 million over the 2016-2026 period.

The Statutory Pay-As-You Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting revenues and direct spending. The net changes in revenues and 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. 954, as ordered reported by the House Committee on Ways and Means on September 8, 2016.**

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Effects	0	3	1	0	0	0	0	0	0	0	0	4	4

Source: Staff of the Joint Committee on Taxation.

Note: The net increase in the deficit includes insignificant reductions in outlays.

JCT and CBO estimate that enacting the bill would not increase net direct spending in any of the four consecutive 10-year periods beginning in 2027, and would increase on-budget deficits over those periods by very small amounts.

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

The CBO staff contact for this estimate is Peter Huether. The estimate was approved by John McClelland, Assistant Director for Tax Analysis.