



September 27, 2018

Honorable Mark Meadows
U.S. House of Representatives
Washington, DC 20515

Re: Additional Follow-Up About the Budgetary Treatment of Cost-Sharing Reductions

Dear Congressman:

In a September 6, 2018, letter, you asked for additional information related to your earlier questions about the budgetary treatment of payments for cost-sharing reductions (CSRs) provided by insurers in the marketplaces established under the Affordable Care Act.¹ Specifically, concerned about the sequence of events, you asked about when the Congressional Budget Office undertook its analysis of health insurance premiums and when the agency decided how to incorporate that information into its baseline projections published in April 2018.

CBO analyzed how premiums for 2018 had been affected by the lack of CSR payments in all states and the implications for the agency's baseline projections before those projections were finalized in March 2018. To do so, it consulted extensively with state insurance regulators, state-based marketplaces, and insurers. In fact, insurers' plans had become public knowledge well before that date. Also, before finalizing its baseline in March 2018, CBO fully considered the relevant statutory language and precedent and how to interpret them with respect to incorporating its analysis into the baseline.

The approach CBO used allows the baseline projections to reflect what is actually happening in insurance markets, rather than the alternative of assuming the continuation of direct payments that were not being made.

¹ See Congressional Budget Office, letter to the Honorable Mark Meadows following up about the budgetary treatment of cost-sharing reductions (July 20, 2018), www.cbo.gov/publication/54191, and letter to the Honorable Mark Meadows about the budgetary treatment of cost-sharing reductions (June 8, 2018), www.cbo.gov/publication/53961.

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I continue to welcome the opportunity to discuss with you in person issues like this one and any others that may concern you. Please contact me if you would like to talk directly or if I can provide any other assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall
Director

cc: Honorable Steve Womack
Chairman
House Committee on the Budget

Honorable John Yarmuth
Ranking Member
House Committee on the Budget