Congressional Budget Office
Cost Estimate

June 26, 2023

At a Glance

Health Care and Other Legislation

As ordered reported by the House Committee on Ways and Means on June 7, 2023

On June 7, 2023, the House Committee on Ways and Means ordered nine bills related to health care, Social Security, and funding for the Airport and Airway Trust Fund to be reported. This single, comprehensive document provides estimates for those bills.

Pay-as-you-go procedures would apply to three bills that would affect direct spending or revenues—and thus affect the deficit. Two of the bills would increase spending subject to appropriation by more than $500,000 and seven bills would increase spending subject to appropriation by insignificant amounts. None of the bills would increase net direct spending in any of the four consecutive 10-year periods beginning in 2034. Two of the bills would increase on-budget deficits in at least one of the four consecutive 10-year periods beginning in 2034. None of the bills would impose intergovernmental or private-sector mandates. Details of the estimated costs of each bill are discussed in the text below.

Bill	Net Increase or Decrease (-) in the Deficit Over the 2023-2033 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2023-2028 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 1843[a]	5,053	*	No
H.R. 3667	0	1	No
H.R. 3784	0	*	No
H.R. 3796	*	5	No
H.R. 3797	0	*	No
H.R. 3798	0	*	No
H.R. 3799	0	*	No
H.R. 3800	0	*	No
H.R. 3801[b]	*	*	No

* = between -$500,000 and $500,000.

a. This bill would increase on-budget deficits by more than $5 billion in at least one of the four consecutive 10-year periods beginning in 2034.

b. This bill would increase on-budget deficits by less than $5 billion in each of the four consecutive 10-year periods beginning in 2034.

Detailed estimate begins on the next page.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Bill Summary

On June 7, 2023, the Committee on Ways and Means ordered nine bills to be reported. This document provides estimates for each piece of legislation.

Generally, the legislation would:

- Permanently establish what is known as a safe harbor, which allows high-deductible health plans to provide telehealth services without making participants ineligible to use health savings accounts;
- Modify certain reporting requirements for employers and codify existing regulations or guidance related to employment-based health insurance coverage;
- Designate certain airports as ports of entry if they are within 30 miles of the southern or northern border of the United States; and
- Require the Social Security Administration (SSA) to take certain actions in the event of loss or misuse of a Social Security number.

Estimated Federal Cost

The estimated direct spending and revenue effects of the legislation are shown in Table 1. The costs of the legislation fall within budget functions 650 (Social Security), 750 (administration of justice), and 800 (general government).

Basis of Estimate

For this estimate, CBO assumes that each bill will be enacted late in fiscal year 2023 and that spending of appropriated amounts will begin in fiscal year 2024. The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by the Congress. CBO, therefore, incorporates those estimates into its cost estimates of the effects of legislation.

Direct Spending

CBO estimates that one bill of the nine would affect direct spending: H.R. 3796 would designate as ports of entry certain airports within 30 miles of the southern or northern border of the United States. Under current law, Customs and Border Protection (CBP) collects customs user fees, including immigration user fees and fees collected under the Consolidated Omnibus Budget Reconciliation Act (COBRA), at designated ports of entry. Those fees, which are deposited into the Treasury as offsetting receipts, are classified as direct spending. CBO expects that fewer than five airports would be designated as ports of entry under the bill and that the increase in collections of customs user fees under the bill would be small.

Therefore, CBO estimates that enacting H.R. 3796 would reduce net direct spending by less than $500,000 over the 2023-2033 period.

Table 1.
Estimated Effects on Direct Spending and Revenues of Health Care and Other Legislation Ordered Reported by the House Committee on Ways and Means on June 7, 2023

By Fiscal Year, Millions of Dollars

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023-2028	2023-2033
Decreases (-) in Direct Spending													
H.R. 3796, a bill to provide for the extension of taxes funding the Airport and Airway Trust Fund and to require the designation of certain airports as ports of entry													
Estimated Budget Authority	0	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	0	*	*	*	*	*	*	*	*	*	*	*	*
Decreases (-) in Revenues													
H.R. 1843, the Telehealth Expansion Act of 2023													
Estimated Revenues	0	0	-225	-386	-471	-555	-605	-642	-681	-722	-766	-1,636	-5,053
On-Budget	*0*	*0*	*-167*	*-293*	*-359*	*-422*	*-460*	*-487*	*-516*	*-547*	*-580*	*-1,240*	*-3,831*
Off-Budget	*0*	*0*	*-58*	*-93*	*-112*	*-133*	*-145*	*-155*	*-165*	*-175*	*-186*	*-396*	*-1,222*
H.R. 3801, the Employer Reporting Improvement Act													
Estimated Revenues	0	0	*	*	*	*	*	*	*	*	*	*	*

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.
Components may not sum to totals because of rounding; * = between -$500,000 and zero.
Off-budget effects reflect decreases in payroll taxes for Social Security.

Revenues

CBO and JCT estimate that two bills would affect revenues over the 2023-2033 period. A third (H.R. 3796) would affect revenues; for reasons described below, those effects are not included in the cost estimate.

H.R. 1843, the Telehealth Expansion Act of 2023, would permanently establish a safe harbor, allowing high-deductible health plans to provide telehealth and other remote care services without making participants ineligible to use health savings accounts. A safe-harbor provision is currently in effect for calendar years 2020 through 2024. Subject to certain limits, contributions made by an individual to a health savings account are deductible for income tax purposes, and contributions made through a cafeteria plan are excludible from income for both income and payroll tax purposes. JCT estimates that the permanent extension would reduce revenues by $5.1 billion over the 2023-2033 period. That reduction includes a $3.8 billion reduction in on-budget revenues and a $1.2 billion reduction in off-budget revenues because it would affect Social Security payroll tax collections.

H.R. 3801, the Employer Reporting Improvement Act, would establish a six-year statute of limitations on the assessment of penalties for violating the employer mandate for health insurance coverage under current law. The change would take effect on January 1, 2025. The bill also would allow employers 90 days to respond to the first letter informing them of a proposed assessment, and it would codify employers' right to file reports electronically and to report an employee's date of birth if a tax identification number is not available. CBO and JCT estimate that the bill would lead to an insignificant decrease in collections of penalties, thus decreasing revenues by less than $500,000 over the 2023-2033 period.

H.R. 3796, a bill to provide for the extension of taxes funding the Airport and Airway Trust Fund and to require the designation of certain airports as ports of entry, would extend certain excise taxes related to air travel, which are dedicated to the Airport and Airways Trust Fund (and currently scheduled to expire on September 30, 2023), through September 30, 2028. Because the Balanced Budget and Emergency Deficit Control Act of 1985 requires CBO's baseline projections to incorporate the assumption that expiring excise taxes dedicated to trust funds will be extended, JCT estimates that the extension would have no effect on revenues relative to CBO's baseline. In its baseline, CBO projects that collections of those taxes will total about $100 billion over the 2024-2028 period—the time covered by the extension. The bill also would newly designate certain airports as ports of entry, which would affect discretionary spending (see "Spending Subject to Appropriation").

Legislation With No Effect on Direct Spending or Revenues

CBO and JCT estimate that six bills, described below, would have no effect on direct spending or revenues over the 2023-2033 period.

H.R. 3667, the Social Security Child Protection Act of 2023, would require SSA to issue a new Social Security number to a child under the age of 14 if a parent can provide evidence that the confidentiality of the original number has been compromised by loss or theft.

H.R. 3784, the Improving Social Security's Service to Victims of Identity Theft Act, would require SSA to provide a single point of contact for a person whose Social Security number is misused or whose card is lost.

H.R. 3797, the Paperwork Burden Reduction Act, would codify existing rules of the Department of the Treasury and provide additional flexibility for employers when providing information about health insurance coverage to employees for tax-filing purposes.

H.R. 3798, the Small Business Flexibility Act, would require the Secretary of the Treasury to notify employers of the availability of tax-advantaged flexible health insurance benefits, with an initial focus on small businesses.

H.R. 3799, the Custom Health Option and Individual Care Expense Arrangement Act (or CHOICE Arrangement Act), would codify a regulation that expands the use of health reimbursement arrangements by allowing employers to provide funds to employees through individual coverage health reimbursement arrangements. Those arrangements permit workers to purchase health insurance through the nongroup market rather than receiving coverage through traditional employment-based health insurance.[1]

H.R. 3800, the Chronic Disease Flexible Coverage Act, would codify existing Internal Revenue Service guidance, which states that treatment of chronic diseases is considered preventive care. Under that guidance, high-deductible insurance plans can provide such coverage without making enrollees ineligible to participate in health savings accounts.

Spending Subject to Appropriation

CBO estimates that all nine bills would increase spending subject to appropriation: two would do so by significant amounts (more than $500,000) and the rest would result in insignificant increases (less than $500,000) over the 2023-2028 period (see Table 2). Any spending would be subject to the availability of appropriated funds.

Table 2.
Estimated Increases in Spending Subject to Appropriation Under H.R. 3796 and H.R. 3667

	By Fiscal Year, Millions of Dollars						
	2023	2024	2025	2026	2027	2028	2023-2028
H.R. 3796, a bill to provide for the extension of taxes funding the Airport and Airway Trust Fund and to require the designation of certain airports as ports of entry[a]							
Estimated Authorization	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5
H.R. 3667, the Social Security Child Protection Act of 2023							
Estimated Authorization	0	*	*	*	*	*	1
Estimated Outlays	0	*	*	*	*	*	1

* = between zero and $500,000.
CBO estimates that increases in spending subject to appropriation would be between zero and $500,000 in each year and over the 2024-2028 period for the other bills in this estimate (H.R. 1843, H.R. 3784, H.R. 3797, H.R. 3798, H.R. 3799, H.R. 3800, and H.R. 3801).
a. CBO estimates that H.R. 3796 also would have effects on direct spending (see Table 1).

1. See Health Reimbursement Arrangements and Other Account-Based Group Health Plans, 84 Fed. Reg. 28, 888 (June 20, 2019) (to be codified at 26 C.F.R. pts. 1 and 54; 29 C.F.R. pts. 2510 and 2590; and 45 C.F.R. pts. 144, 146, 147, and 155).

H.R. 3796, a bill to provide for the extension of taxes funding the Airport and Airway Trust Fund and to require the designation of certain airports as ports of entry, would result in fewer than five airports being so designated, CBO expects. Under current law, CBP provides customs inspections at most airports that are funded in part through customs user fees, such as immigration user fees and fees collected under COBRA. Other airports, where the volume of passenger or cargo traffic is smaller, may voluntarily pay CBP to reimburse the agency for providing those inspections. Airports designated as ports of entry under the bill would no longer be subject to the fees.

CBO estimates that the increase in collections of customs user fees under the bill (see “Direct Spending”) would not fully cover the cost to CBP for providing inspections and that implementing the bill would require the appropriation of additional funds to cover those costs. Under current law, the airports that CBO expects to be included under the bill pay CBP a total of $1 million each year. Accounting for anticipated for inflation, CBO estimates that implementing H.R. 3796 would cost $5 million over the 2023-2028 period.

H.R. 3667, the Social Security Child Protection Act of 2023, would require SSA to issue a new Social Security number to a child under the age of 14 if a parent can present evidence that the number’s confidentiality was compromised because of loss or theft. Under current law, SSA issues new numbers only when a number is misused and if the misuse has caused harm. In 2022, SSA issued 116 new numbers to children under the age of 14. CBO expects that requests for new numbers would increase under the bill and that SSA would issue more numbers. Consequently, CBO estimates that implementing the bill would cost $1 million over the 2023-2028 period.

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 and revenues for the three bills that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that none of the bills would increase net direct spending in any of the four consecutive 10-year periods beginning in 2034.

JCT estimates that enacting H.R. 1843 would increase on-budget deficits by more than $5 billion in at least one of the four consecutive 10-year periods beginning in 2034.

JCT estimates that none of the remaining eight bills would increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2034.

Mandates

CBO and JCT have determined that the legislation would not impose any intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Previous CBO Estimate

On June 20, 2023, CBO transmitted an estimate of the direct spending and revenue effects of Rules Committee Print 118-9 (H.R. 3799, the CHOICE Arrangement Act), as amended by Amendment 8 (Smith). The language in title II and title IV of Rules Committee Print 118-9 is the same as that in H.R. 3799 and H.R. 3798, respectively, and the estimated budgetary effects are the same.

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