



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Peter R. Orszag, Director

September 25, 2007

Honorable John D. Dingell
Chairman
Committee on Energy
and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office (CBO) and the Joint Committee on Taxation have prepared the enclosed cost estimate and estimate of changes in health insurance coverage for the amendments to Senate amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007, as reported by the House Committee on Rules on September 24, 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Eric Rollins and Jeanne De Sa.

Sincerely,

for Robert A. Gushion

Peter R. Orszag

Enclosure

cc: Honorable Joe Barton
Ranking Member

CBO's Estimate of the Effects on Direct Spending and Revenues of the House Amendments to the Senate Amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007

(Based on the legislative language CONFERENCE-DRAFT_005, available at http://www.rules.house.gov/110/text/senate_hr976.pdf)

Figures are outlays, by fiscal year, in billions of dollars. Costs or savings of less than \$50 million are shown with an asterisk. Components may not sum to totals because of rounding.

| Section | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2008-12 | 2008-17 |
|--|------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|-------------|-------------|
| CHANGES IN DIRECT SPENDING | | | | | | | | | | | | |
| SCHIP outlays from provisions subject to the funding provided in sections 101, 104, and 108 of the legislation | | | | | | | | | | | | |
| Benefits and administrative costs | 2.3 | 3.8 | 5.4 | 6.3 | 7.3 | 1.1 | -1.8 | -1.8 | -1.7 | -1.7 | 25.0 | 19.3 |
| Performance bonus payments | 0 | 0.3 | 0.5 | 0.8 | 1.0 | 1.2 | 1.3 | 1.4 | 1.5 | 1.6 | 2.6 | 9.4 |
| Subtotal | 2.3 | 4.1 | 5.9 | 7.0 | 8.3 | 2.3 | -0.5 | -0.4 | -0.2 | -0.1 | 27.7 | 28.7 |
| Medicaid outlays due to interactions with the SCHIP outlays shown above | -0.3 | 0.2 | 1.0 | 1.4 | 1.6 | 4.5 | 6.1 | 6.7 | 7.2 | 7.9 | 3.8 | 36.2 |
| Other changes in direct spending that are not included with the SCHIP and Medicaid totals above | | | | | | | | | | | | |
| 103 Child Enrollment Contingency Fund | * | 0.1 | 0.2 | 0.3 | * | 0 | 0 | 0 | 0 | 0 | 0.6 | 0.6 |
| 109 Additional administrative funding for territories | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.1 |
| 113 Modify Medicaid eligibility rules for certain newborns | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.2 |
| 116 IOM report on SCHIP participation and crowd out | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 201 Outreach grants and additional administrative funding | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.7 |
| 203 Evaluation of Express Lane option | * | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 211 Revise requirement to document citizenship | 0 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 1.4 | 3.7 |
| 401 Development of quality measures for child health | * | 0.1 | 0.1 | 0.1 | 0.1 | * | * | * | * | * | 0.3 | 0.4 |
| 402 Funds to improve timeliness of MSIS data | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 503 Transition grants for payment of FQHC / RHC services | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 602 Additional funding for Current Population Survey | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.1 |
| 603 Updated federal evaluation of SCHIP | 0 | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 613 Prohibit new Health Opportunity Account demonstrations | * | * | * | * | * | * | * | * | * | * | * | -0.2 |
| 614 Expand use of county-operated HIOs in California | * | * | * | * | * | * | * | * | * | * | -0.1 | -0.1 |
| 615 Modify per capita income data used to calculate FMAPs | 0.2 | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.5 | 1.2 |
| 616 Moratorium on issuing certain Medicaid regulations | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 |
| 617 Additional DSH funds for Tennessee and Hawaii | * | * | * | * | * | * | * | * | * | * | 0.2 | 0.4 |
| 618 Funding for Memphis Regional Medical Center | * | * | * | * | * | * | * | * | * | * | * | * |
| 619 Extend asset verification demonstration to Medicaid | 0 | 0 | 0 | 0 | 0 | -0.1 | -0.1 | -0.2 | -0.2 | -0.2 | 0 | -0.7 |
| Subtotal | 0.4 | 0.6 | 0.7 | 1.0 | 0.7 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 3.4 | 6.6 |
| Total changes in direct spending | 2.4 | 4.9 | 7.6 | 9.4 | 10.6 | 7.4 | 6.2 | 6.9 | 7.7 | 8.5 | 34.9 | 71.5 |

CBO's Estimate of the Effects on Direct Spending and Revenues of the House Amendments to the Senate Amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007

(Based on the legislative language CONFERENCE-DRAFT_005, available at http://www.rules.house.gov/110/text/senate_hr976.pdf)

Figures are outlays, by fiscal year, in billions of dollars. Costs or savings of less than \$50 million are shown with an asterisk. Components may not sum to totals because of rounding.

| Section | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2008-12 | 2008-17 |
|---|------|------|------|------|------|------|------|------|------|------|---------|---------|
| CHANGES IN REVENUES | | | | | | | | | | | | |
| On-budget revenues | | | | | | | | | | | | |
| 701 Increased taxes on tobacco products | 6.2 | 7.6 | 7.4 | 7.3 | 7.2 | 7.2 | 7.1 | 7.1 | 7.0 | 6.9 | 35.7 | 71.0 |
| 703 Change timing of corporate estimated tax payments | 0 | 0 | 0 | 0 | -0.6 | 0.6 | 0 | 0 | 0 | 0 | -0.6 | 0 |
| Effect of SCHIP provisions on on-budget revenues | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | * | * | * | * | 0.5 | 0.7 |
| Subtotal | 6.2 | 7.7 | 7.5 | 7.4 | 6.7 | 7.9 | 7.2 | 7.1 | 7.0 | 7.0 | 35.5 | 71.7 |
| Off-budget revenues (due to SCHIP provisions) | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | * | * | * | 0.8 | 1.1 |
| Total changes in revenues | 6.3 | 7.8 | 7.6 | 7.6 | 6.9 | 8.0 | 7.2 | 7.1 | 7.1 | 7.0 | 36.3 | 72.8 |
| Net budgetary effect of legislation | | | | | | | | | | | | |
| Direct spending and on-budget revenues | -3.8 | -2.8 | 0.2 | 2.0 | 3.8 | -0.5 | -1.0 | -0.2 | 0.6 | 1.5 | -0.6 | -0.2 |
| Direct spending and all revenues | -3.9 | -2.9 | * | 1.8 | 3.6 | -0.6 | -1.0 | -0.3 | 0.6 | 1.5 | -1.4 | -1.3 |
| ----- | | | | | | | | | | | | |
| Memorandum: | | | | | | | | | | | | |
| SCHIP outlays under CBO's baseline | 5.4 | 5.4 | 5.5 | 5.5 | 5.6 | 5.5 | 5.3 | 5.3 | 5.2 | 5.1 | 27.4 | 53.8 |
| Additional SCHIP outlays under proposal | 2.4 | 4.2 | 6.1 | 7.4 | 8.3 | 2.3 | -0.5 | -0.4 | -0.2 | -0.1 | 28.4 | 29.5 |
| Total SCHIP outlays under proposal | 7.8 | 9.6 | 11.6 | 12.9 | 13.9 | 7.8 | 4.8 | 4.9 | 5.0 | 5.1 | 55.9 | 83.4 |

Abbreviations:

DSH = disproportionate share hospital, FMAP = federal medical assistance percentage, FQHC = federally qualified health center, HIO = health insuring organization, IOM = Institute of Medicine, MSIS = Medicaid Statistical Information System, RHC = rural health center, SCHIP = State Children's Health Insurance Program

Sources: Congressional Budget Office and the Joint Committee on Taxation (JCT). JCT provided revenue estimates for sections 701 and 703.

CBO's Estimate of Changes in SCHIP and Medicaid Enrollment of Children Under the House Amendments to the Senate Amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007

(Based on the legislative language CONFERENCE-DRAFT_005, available at http://www.rules.house.gov/110/text/senate_hr976.pdf)

All figures are average monthly enrollment, in millions of individuals. Components may not sum to totals because of rounding.

| | SCHIP /a/ | | | | Medicaid /b/ | | | | SCHIP/Medicaid total | | |
|--|--------------------------|----------------------------|-------------------------------|-------|--------------------------|----------------------------|-------------------------------|-------|----------------------------|-------------------------------|-------|
| | Enrollees moved to SCHIP | Reduction in the uninsured | Reduction in private coverage | Total | Enrollees moved to SCHIP | Reduction in the uninsured | Reduction in private coverage | Total | Reduction in the uninsured | Reduction in private coverage | Total |
| FISCAL YEAR 2012: | | | | | | | | | | | |
| CBO's baseline projections | | | | 3.3 | | | | 25.0 | | | 28.3 |
| Effect of providing funding to maintain current SCHIP programs | 0.6 | 0.7 | 0.4 | 1.7 | -0.6 | n.a. | n.a. | -0.6 | 0.7 | 0.4 | 1.1 |
| Effect of additional SCHIP funding and other provisions: | | | | | | | | | | | |
| Additional enrollment within existing eligibility groups /c/ /d/ | 0.3 | 0.8 | 0.5 | 1.5 | -0.3 | 1.7 | 0.4 | 1.9 | 2.5 | 1.0 | 3.4 |
| Expansion of SCHIP and Medicaid eligibility to new populations | n.a. | 0.6 | 0.6 | 1.2 | n.a. | n.a. | n.a. | n.a. | 0.6 | 0.6 | 1.2 |
| Subtotal | 0.3 | 1.4 | 1.1 | 2.8 | -0.3 | 1.7 | 0.4 | 1.9 | 3.1 | 1.6 | 4.7 |
| Total proposed changes | 0.8 | 2.0 | 1.6 | 4.4 | -0.9 | 1.7 | 0.4 | 1.3 | 3.8 | 2.0 | 5.8 |
| Estimated enrollment under proposal | | | | 7.8 | | | | 26.3 | | | 34.1 |

Notes:

/a/ The figures in this table include the program's adult enrollees, who account for less than 10 percent of total SCHIP enrollment.

/b/ The figures in this table do not include children who receive Medicaid because they are disabled.

/c/ For simplicity of display, the Medicaid figures in this line include the additional children enrolled as a side effect of expansions of SCHIP eligibility.

/d/ Section 112 of the act would shift coverage of childless adults in SCHIP to Medicaid and allow some states that are currently planning to shift parents from SCHIP to Medicaid to continue covering them in SCHIP.

/e/ The Medicaid figures and SCHIP/Medicaid totals in this line include about 100,000 adults who would gain eligibility under section 211 of the act.

n.a. = not applicable