



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

Douglas W. Elmendorf, Director

July 17, 2009

Honorable Charles B. Rangel  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT) have completed a preliminary analysis of H.R. 3200, the America's Affordable Health Choices Act of 2009, as introduced on July 14, 2009. This analysis does not reflect any modifications or amendments made after that date.

Among other things, the legislation would establish a mandate for legal residents to obtain health insurance; set up insurance "exchanges" through which some individuals and families could receive subsidies to substantially reduce the cost of purchasing insurance; significantly expand eligibility for Medicaid; make modifications to the Medicare and Medicaid programs; and impose an income-tax surcharge on high-income individuals.

CBO's and JCT's preliminary assessment of the impact on the federal deficit for the bill as introduced is summarized in the following table. The enclosures with this letter provide estimates of the changes in the nonelderly U.S. population with health insurance coverage, the primary budgetary components of the bill's major provisions related to insurance coverage, and a detailed table of the other provisions' impact on federal direct spending. The estimated impact of the provisions related to health insurance coverage is based on specifications provided by the committee staff, rather than on a detailed analysis of the legislative language; the estimates for other provisions reflect the specific legislative language. (JCT has separately published its estimates of the effects of revenue provisions contained in H.R. 3200 as introduced.<sup>1</sup>)

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<sup>1</sup> The Joint Committee on Taxation posted its estimate of revenue effects for the introduced version of H.R. 3200 on July 14, 2009 (see JCX-31-09 at [www.jct.gov](http://www.jct.gov)). Subsequently, JCT posted an estimate on July 16, 2009, for a Ways and Means Committee substitute version of H.R. 3200 (see JCX-33-09). This analysis addresses the introduced version of the bill.

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**PRELIMINARY ESTIMATE OF THE EFFECTS ON THE DEFICIT OF H.R. 3200, THE AMERICA'S HEALTH CHOICES ACT OF 2009**

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	By Fiscal Year, in Billions of Dollars										2010-	2010-
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2014	2019
<b>NET CHANGES IN THE DEFICIT FROM COVERAGE PROVISIONS <sup>a, b</sup></b>												
Effects on the Deficit of Insurance Coverage Provisions	3	4	1	69	107	141	158	171	187	202	184	1,042
<b>CHANGES IN DIRECT SPENDING FROM OTHER PROVISIONS <sup>c</sup></b>												
Changes in Outlays	9	6	-4	-11	-37	-31	-26	-34	-42	-50	-36	-219
<b>CHANGES IN REVENUES FROM OTHER PROVISIONS <sup>d</sup></b>												
Changes in Revenues	1	35	33	59	65	70	74	78	82	86	192	583
<b>NET CHANGES IN THE DEFICIT <sup>a, b</sup></b>												
Deficit Impact	11	-24	-36	-1	5	40	58	58	62	65	-44	239

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

- a. Does not include federal administrative costs or account for all effects on other federal programs.
- b. Positive numbers indicate increases in the deficit, and negative numbers indicate reductions in the deficit. Does not include effects on spending subject to future appropriation.
- c. These estimates reflect the effects of interactions between insurance coverage provisions and other Medicare and Medicaid provisions.
- d. JCT's estimates for H.R. 3200, as introduced (JCX-31-09); includes effects on Social Security revenues that are classified as off-budget. In addition to these amounts, CBO estimates that other provisions in Division B would increase revenues by about \$500 million over the 2010-2019 period.

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According to CBO's and JCT's assessment, enacting H.R. 3200 would result in a net increase in the federal budget deficit of \$239 billion over the 2010-2019 period. That estimate reflects a projected 10-year cost of the bill's insurance coverage provisions of \$1,042 billion, partly offset by net spending changes that CBO estimates would save \$219 billion over the same period, and by revenue provisions that JCT estimates would increase federal revenues by about \$583 billion over those 10 years.

By the end of the 10-year period, in 2019, the coverage provisions would add \$202 billion to the federal deficit, CBO and JCT estimate. That increase would be partially offset by net cost savings of \$50 billion and additional revenues of \$86 billion, resulting in a net increase in the deficit of an estimated \$65 billion.

It is important to note that the figures presented here do not represent a complete cost estimate for the coverage provisions of the legislation. They reflect specifications provided by the committee staff rather than detailed analysis of the legislative language. They do not include certain costs that the government would incur to administer the proposed changes and the impact of the bill's provisions on other federal programs. Nevertheless, the estimates reflect the major net budgetary effects of H.R. 3200.

### **Effects of the Key Provisions of H.R. 3200**

The legislation would establish a mandate to have health insurance, expand eligibility for Medicaid, and establish new health insurance exchanges through which some people could purchase subsidized coverage. The options available in the insurance exchange would include private health insurance plans as well as a public plan that would be administered by the Secretary of Health and Human Services. The specifications would also require payments of penalties by uninsured individuals, firms that did not provide qualified health insurance, and other firms whose employees would receive subsidized coverage through the exchanges. The plan would also provide tax credits to small employers that contribute toward the cost of health insurance for their workers.

Collectively, those provisions would yield a significant increase in the number of Americans with health insurance. By 2019, CBO and the staff of JCT estimate, the number of nonelderly people without health insurance would be reduced by about 37 million, leaving about 17 million nonelderly residents uninsured (nearly half of whom would be unauthorized immigrants). In total, CBO estimates that enacting those provisions would raise deficits by \$1,042 billion over the 2010-2019 period.<sup>2</sup>

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<sup>2</sup> For more details on the agencies' analysis of the coverage provisions, see CBO's letter on that subject to Congressman Charles B. Rangel, dated July 14, 2009.

Other provisions of the bill would alter spending under the Medicare, Medicaid, Children's Health Insurance, and other federal health programs. H.R. 3200 would make numerous changes to payment rates and payment rules in those programs. In total, CBO estimates that enacting those provisions would reduce direct spending by \$219 billion over the 2010-2019 period. That result is the net effect of provisions that would reduce spending and others that would increase spending.

The provisions that would result in the largest savings include:

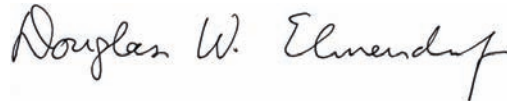
- Permanent reductions in the annual updates to Medicare's payment rates for most services in the fee-for-service sector (other than physicians' services), yielding budgetary savings of \$196 billion over 10 years (excluding interactions—namely, the effects of those changes on payments to Medicare Advantage plans and collections of Part B premiums);
- Setting payment rates in the Medicare Advantage program based on per capita Medicare spending in the fee-for-service sector, providing savings of \$156 billion (before interactions) over the 2010-2019 period; and
- Changes to the Medicare Part D program that would establish a new prescription drug rebate program for some people who are eligible for both Medicaid and Medicare, while expanding drug coverage to beneficiaries that are currently subject to a gap in coverage (often referred to as the Part D "doughnut hole"), saving \$30 billion over the 2010-2019 period.

The provision that would result in the largest increase in Medicare spending would change payment rates for physicians' services to replace the 21 percent reduction in payment rates scheduled for January 2010, under the existing "sustainable growth rate" formula, with an inflation-based update. In subsequent years, rates would reflect separate updates for "evaluation and management" services and for all other services. CBO estimates that those changes would cost \$228 billion over the 2010-2019 period (before taking into account interactions). Including those interactions, the net cost of the changes in physicians' payment rates would total \$245 billion.

Honorable Charles B. Rangel  
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I hope this preliminary analysis is helpful in your consideration of the America's Affordable Health Choices Act. If you have any questions, please contact me or CBO staff. The primary staff contacts for this analysis are Philip Ellis and Holly Harvey.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large, prominent 'D' at the beginning.

Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable Dave Camp  
Ranking Member

Identical letters sent to the Honorable Henry A. Waxman and the Honorable George Miller.

## Preliminary Analysis of the Insurance Coverage Specifications Provided by the House Tri-Committee Group

EFFECTS ON INSURANCE COVERAGE /a		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(Millions of nonelderly people, by calendar year)											
Current Law	Medicaid/CHIP	40	39	39	38	35	34	35	35	35	35
Coverage /b	Employer	150	153	156	158	161	162	162	162	162	162
	Nongroup	13	12	12	12	13	14	14	14	14	15
	Other /c	14	14	14	14	14	15	15	15	15	16
	Uninsured /d	<u>50</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>51</u>	<u>52</u>	<u>53</u>	<u>53</u>	<u>54</u>
	TOTAL	267	269	271	273	274	276	277	279	281	282
Change (+/-)	Medicaid/CHIP	*	-1	-2	6	4	9	10	10	11	11
	Employer	*	*	1	10	7	4	3	3	2	2
	Nongroup/Other /c	*	*	*	-3	-4	-6	-6	-6	-6	-6
	Exchanges	0	0	0	11	20	27	28	29	29	30
	Uninsured /d	*	1	1	-23	-28	-35	-35	-36	-37	-37
<u>Post-Policy Insurance Coverage</u>											
	Number of Uninsured People /d	51	52	52	27	23	16	16	17	17	17
	Insured Share of the Nonelderly Population										
	Including All Residents	81%	81%	81%	90%	92%	94%	94%	94%	94%	94%
	Excluding Unauthorized Immigrants	83%	83%	83%	92%	94%	97%	97%	97%	97%	97%
<u>Memo: Exchange Enrollees and Subsidies</u>											
	Number w/ Unaffordable Offer from Employer /e				*	2	2	2	3	3	3
	Number of Unsubsidized Exchange Enrollees				1	2	3	3	3	3	3
	Approximate Average Subsidy per Subsidized Enrollee					\$4,600	\$4,800	\$5,100	\$5,300	\$5,700	\$6,000

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Note: CHIP = Children's Health Insurance Program; \* = fewer than 0.5 million people.

a. Components may not sum to totals because of rounding.

b. Figures reflect average annual enrollment. Individuals reporting multiple sources of coverage are assigned a primary source.

c. Includes Medicare, TRICARE, and other sources; the effects of the proposal are almost entirely on nongroup coverage.

d. The count of uninsured people includes unauthorized immigrants as well as people who are eligible for, but not enrolled in, Medicaid.

e. Full-time workers who would have to pay more than 11 percent of their income for employment-based coverage could receive subsidies via an exchange (see text).

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## Preliminary Analysis of the Insurance Coverage Specifications Provided by the House Tri-Committee Group

<b>EFFECTS ON THE FEDERAL DEFICIT / a,b,c</b> (Billions of dollars, by fiscal year)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
Medicaid/CHIP Outlays /d,e	3	4	1	29	42	58	66	72	78	84	438
Exchange Subsidies	0	0	0	33	72	105	123	134	146	160	773
Payments by Employers to Exchanges /f,g	0	0	0	0	-3	-6	-8	-8	-9	-11	-45
Associated Effects on Tax Revenues /f	*	*	*	<u>10</u>	<u>10</u>	<u>3</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-4</u>	<u>15</u>
Subtotal	3	4	1	72	122	160	180	196	213	230	1,182
Small Employer Credits /h	0	0	0	4	7	8	8	8	10	10	53
Payments by Uninsured Individuals	0	0	0	0	-6	-5	-4	-5	-5	-5	-29
"Play-or-Pay" Payments by Employers /f,h	<u>0</u>	<u>0</u>	<u>0</u>	<u>-7</u>	<u>-16</u>	<u>-21</u>	<u>-26</u>	<u>-29</u>	<u>-31</u>	<u>-33</u>	<u>-163</u>
<b>NET IMPACT OF COVERAGE SPECIFICATIONS</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>69</b>	<b>107</b>	<b>141</b>	<b>158</b>	<b>171</b>	<b>187</b>	<b>202</b>	<b>1,042</b>

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Note: CHIP = Children's Health Insurance Program; \* = between \$0.5 billion and -\$0.5 billion.

a. Does not include federal administrative costs or account for all effects on other federal programs.

b. Components may not sum to totals because of rounding.

c. Positive numbers indicate increases in the deficit, and negative numbers indicate reductions in the deficit.

d. Includes effects of coverage provisions and the proposed increase in Medicaid payment rates for primary care physicians (see text).

e. Under current law, states have the flexibility to make programmatic and other budgetary changes to Medicaid and CHIP. CBO estimates that state spending on Medicaid and CHIP in the 2010-2019 period would be reduced by about \$10 billion under the proposal (see text).

f. Increases in tax revenues reduce the deficit.

g. Employers would generally have to pay 8 percent of their average payroll per worker for each employee who received subsidies via an exchange (see text).

h. The effects on the deficit shown for this provision include the associated effects of changes in taxable compensation on tax revenues.

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# Estimate of the Effects on Direct Spending and Revenues of Divisions B and C and Section 164 of H.R. 3200, the America's Affordable Health Choices Act, as Introduced on July 14, 2009

Figures are outlays, by fiscal year, in BILLIONS of dollars.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019	
<b>TITLE I --- IMPROVING HEALTH CARE VALUE</b>													
<b>Subtitle A --- Provisions Related to Medicare Part A (Hospital Insurance)</b>													
<b>PART 1 --- MARKET BASKET UPDATES</b>													
1101.	Skilled nursing facility payment update. (Includes interaction with section 1103)	-0.6	-1.0	-1.3	-1.7	-2.1	-2.6	-3.2	-3.8	-4.4	-5.1	-6.8	-26.0
1102.	Inpatient rehabilitation facility payment update. (Includes interaction with section 1103)	-0.1	-0.2	-0.3	-0.3	-0.4	-0.5	-0.6	-0.8	-0.9	-1.0	-1.4	-5.3
1103.	Incorporating productivity improvements into market basket updates.	-1.7	-3.2	-4.5	-5.9	-8.0	-10.4	-13.0	-15.5	-18.2	-21.3	-23.2	-101.6
<b>PART 2 --- OTHER MEDICARE PART A PROVISIONS</b>													
1111.	Payments to skilled nursing facilities.	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.8	-2.5	-6.0
1112.	Medicare DSH report and payment adjustments in response to coverage expansion.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.0	-3.5	-3.7	0.0	-10.2
<b>Subtitle B --- Provisions Related to Part B</b>													
<b>PART 1 --- PHYSICIANS' SERVICES</b>													
1121.	Sustainable growth rate reform.	7.4	13.1	15.3	17.6	20.3	23.5	27.5	31.3	34.4	38.0	73.7	228.5
1122.	Misvalued codes under the physician fee schedule.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
1123.	Payments for efficient areas.	0.0	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
1124.	Modifications to the Physician Quality Reporting Initiative	0.0	0.0	0.6	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.6
1125.	Adjustment to Medicare payment localities.	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.3
<b>PART 2 --- MARKET BASKET UPDATES</b>													
1131.	Incorporating productivity improvements into market basket updates that do not already incorporate such improvements.	-0.6	-1.1	-1.6	-2.2	-2.9	-3.9	-5.1	-6.3	-7.6	-8.9	-8.4	-40.1



## Estimate of the Effects on Direct Spending and Revenues of Divisions B and C and Section 164 of H.R. 3200, the America's Affordable Health Choices Act, as Introduced on July 14, 2009

Figures are outlays, by fiscal year, in BILLIONS of dollars.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>PART 3 --- OTHER PROVISIONS</b>												
1141.	0.0	-0.4	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.6	-0.8
1142.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1143.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1144.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1145.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1146.	0.0	0.0	0.0	0.0	-16.7	-5.6	0.0	0.0	0.0	0.0	-16.7	-22.3
1147.	0.0	-0.2	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-0.7	-0.7	-1.3	-4.3
1148.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
1149.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle C --- Provisions Related to Medicare Parts A and B</b>												
1151.	0.0	0.0	-0.8	-0.8	-2.2	-2.5	-2.6	-3.2	-3.4	-3.6	-3.8	-19.1
1152.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1153.	-0.4	-0.5	-0.6	-0.6	-0.7	-0.8	-0.9	-1.0	-1.1	-1.2	-2.8	-7.7
1154.	-0.4	-0.2	-2.2	-3.2	-3.6	-4.0	-4.4	-4.9	-5.4	-5.9	-9.6	-34.2
1155.	0.0	-0.2	-0.4	-0.6	-0.9	-1.4	-1.9	-2.5	-3.2	-3.9	-2.1	-14.9
1156.	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-1.0
1157.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1158.	0.0	0.0	2.7	2.7	2.7	0.0	0.0	0.0	0.0	0.0	8.0	8.0

## Estimate of the Effects on Direct Spending and Revenues of Divisions B and C and Section 164 of H.R. 3200, the America's Affordable Health Choices Act, as Introduced on July 14, 2009

Figures are outlays, by fiscal year, in BILLIONS of dollars.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Subtitle D --- Medicare Advantage Reforms</b>												
<b>PART 1 --- PAYMENT AND ADMINISTRATION</b>												
1161.	0.0	-4.7	-10.4	-15.0	-18.0	-19.2	-20.1	-21.3	-23.0	-24.7	-48.1	-156.3
1162.	0.0	0.2	0.6	1.0	1.1	1.2	1.2	1.3	1.4	1.5	2.9	9.6
1163.	0.0	-0.2	-0.6	-0.9	-1.2	-1.6	-2.0	-2.5	-3.0	-3.5	-2.9	-15.5
1164.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1165.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1166.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1167.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1168.	0.0	0.0	0.0	0.0	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.2	-0.2
<b>PART 2 --- BENEFICIARY PROTECTIONS AND ANTI-FRAUD</b>												
1171.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1172.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1173.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1174.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1175.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PART 3 --- TREATMENT OF SPECIAL NEEDS PLANS</b>												
1176-77.	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
<b>Subtitle E --- Improvements to Medicare Part D</b>												
1181-82.	0.0	-4.8	-6.6	-5.8	-5.0	-4.1	-1.6	-0.8	-1.1	0.0	-22.1	-29.7
1183.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1184.	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.8
1185.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

## Estimate of the Effects on Direct Spending and Revenues of Divisions B and C and Section 164 of H.R. 3200, the America's Affordable Health Choices Act, as Introduced on July 14, 2009

Figures are outlays, by fiscal year, in BILLIONS of dollars.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
<b>Subtitle F --- Medicare Rural Access Protections</b>												
1191.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1192.	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
1193.	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
1194.	0.4	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	1.3
1195.	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
1196.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<b>TITLE II --- MEDICARE BENEFICIARY IMPROVEMENTS</b>												
<b>Subtitle A --- Improving and Simplifying Financial Assistance for Low Income Medicare Beneficiaries</b>												
1201-07.	0.1	0.4	0.7	1.0	1.2	1.3	1.6	1.7	1.7	2.2	3.3	11.9
<b>Subtitle B --- Reducing Health Disparities</b>												
1221.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1222.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1223.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1224.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle C --- Miscellaneous Improvements</b>												
1231.	0.7	0.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	1.8
1232.	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.4
1233.	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.5	0.8	2.7
1234.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1235.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1236.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

## Estimate of the Effects on Direct Spending and Revenues of Divisions B and C and Section 164 of H.R. 3200, the America's Affordable Health Choices Act, as Introduced on July 14, 2009

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<b>TITLE III --- PROMOTING PRIMARY CARE, MENTAL HEALTH SERVICES, AND COORDINATED CARE</b>													
1301.	Accountable care organization pilot program.	0.0	0.0	0.0	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	-0.4	-0.2	-2.0
1302.	Medical home pilot program.	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.0	0.0	0.0	1.5	1.8
1303.	Payment incentive for selected primary care services.	0.3	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.9	2.5	6.4
1304.	Increased reimbursement rate for certified nurse-midwives.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
1305.	Coverage and waiver of cost-sharing for preventive services.	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.1	2.8
1306.	Waiver of deductible for colorectal cancer screening tests regardless of coding, subsequent diagnosis, or ancillary tissue removal .	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1307.	Excluding clinical social worker services from coverage under the Medicare skilled nursing facility prospective payment system and consolidated payment.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1308.	Coverage of marriage and family therapist services and mental health counselor services.	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.5
1309.	Extension of physician fee schedule mental health add-on.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
1310.	Expanding access to vaccines.	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.2	1.5
<b>TITLE IV --- QUALITY</b>													
<b>Subtitle A --- Comparative Effectiveness Research</b>													
1401.	Comparative effectiveness research (effects on outlays)												
	Medicare	0.0	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.2	0.2	-0.1
	NonMedicare	0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.3	1.2
<b>Subtitle B --- Nursing Home Transparency</b>													
1411-32	Nursing home transparency provisions.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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<b>Subtitle C --- Quality Measurements</b>												
1441.												
Establishment of national priorities and performance measures for quality improvement.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1442.												
Development of new quality measures.	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.3
1443.												
Multi-stakeholder pre-rulemaking input into selection of quality measures.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1444.												
Application of quality measures.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1445.												
Consensus-based entity funding.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle D --- Physician Payments Sunshine Provisions</b>												
1451.												
Reports on financial relationships between manufacturers and distributors of covered drugs, devices, biologicals, or medical supplies under Medicare, Medicaid, or CHIP and physicians and other health care entities and between physicians and other health care entities.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle E --- Public Reporting on Health Care-Associated Infections</b>												
1461.												
Requirement for public reporting by hospitals and ambulatory surgical centers on health care-associated infections.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TITLE V --- MEDICARE GRADUATE MEDICAL EDUCATION</b>												
1501-05												
Medicare graduate medical education provisions.	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.5	1.5
<b>TITLE VI --- PROGRAM INTEGRITY</b>												
1601-53												
Waste, fraud, and abuse provisions.	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4	-1.3

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<b>TITLE VII --- MEDICAID AND CHIP</b>												
<b>Subtitle A --- Medicaid and Health Reform</b>												
1701-03	Coverage provisions. Effects reflected in coverage estimate.											
1704	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-1.3	-4.8	0.0	-6.4
1705	Expanded outstationing. Effects reflected in coverage estimate.											
<b>Subtitle B --- Prevention</b>												
1711	0.0	0.0	0.2	0.5	0.6	0.8	1.0	1.2	1.3	1.5	1.3	7.1
1712	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
1713	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.8
1714	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle C --- Access</b>												
1721	Payments to primary care practitioners. Effects reflected in coverage estimate.											
1722	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.5	0.5
1723	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
1724	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1725	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.0
<b>Subtitle D --- Coverage</b>												
1731	0.2	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
1732	0.0	0.2	1.1	1.0	0.1	0.0	0.0	0.0	0.0	0.0	2.4	2.4
1733	Requirement of 12-month continuous coverage under certain CHIP programs. Effects reflected in coverage estimate.											
<b>Subtitle E --- Coverage</b>												
1741-44.	-0.2	-1.3	-1.8	-2.0	-2.1	-2.2	-2.2	-2.2	-2.1	-2.2	-7.4	-18.3

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<b>Subtitle F --- Waste, Fraud, and Abuse</b>													
1751	Health-care acquired conditions.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1752	Evaluations and reports required under Medicaid Integrity Program.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1753	Require providers and suppliers to adopt programs to reduce waste, fraud, and abuse.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1754	Overpayments.	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
1755	Managed care organizations.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1756	Termination of provider participation under Medicaid and CHIP if terminated under Medicare or other state plan or child health plan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1757	Medicaid and CHIP exclusion from participation relating to certain ownership, control, and management affiliations.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1758	Requirement to report expanded set of data elements under MMIS to detect fraud and abuse.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1759	Billing agents, clearinghouses, or other alternate payees required to register under Medicaid.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1760	Denial of payments for litigation-related misconduct.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Subtitle G --- Puerto Rico and the Territories</b>													
1771	Puerto Rico and territories.	0.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3	4.2	10.4
<b>Subtitle H --- Miscellaneous</b>													
1781	Technical corrections.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1782	Extension of QI program.	0.0	0.5	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.4

### TITLE VIII --- REVENUE-RELATED PROVISIONS

Estimate provided separately by the Joint Committee on Taxation (see JCX-31-09)

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<b>TITLE IX -- MISCELLANEOUS PROVISIONS</b>												
1901.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1902.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1
1903.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1904.	0.0	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.6	1.8
1905.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>INTERACTIONS AMONG PROVISIONS</b>												
Tricare interaction	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	-0.1	0.7	0.8
Medicare Advantage interactions	0.0	2.9	2.8	2.2	-4.9	-2.7	-1.3	-3.2	-4.5	-5.6	3.0	-14.4
Premium interactions	0.0	-3.3	-3.2	-3.0	1.3	-1.5	-3.4	-3.8	-3.9	-4.2	-8.3	-24.9
Medicaid interaction with section 1201	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.5	1.8
Medicare interactions with Medicaid provisions	0.0	0.0	0.0	1.6	2.2	2.7	2.9	3.1	3.3	3.5	3.8	19.2
340B interaction with Medicare (sections 2501-2502)	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.5
<b>OTHER (from Division A)</b>												
164.	3.0	5.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0
<b>Total, Changes in Direct Spending</b>												
	<b>9.2</b>	<b>6.2</b>	<b>-3.8</b>	<b>-10.5</b>	<b>-36.8</b>	<b>-30.9</b>	<b>-25.8</b>	<b>-34.2</b>	<b>-42.2</b>	<b>-50.5</b>	<b>-35.8</b>	<b>-219.3</b>



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<b>CHANGES IN REVENUES (excluding Title VIII, estimated separately the the Joint Committee onTaxation; see JCX-31-09)</b>												
Fraud, waste, and abuse	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Comparative effectiveness (effects on revenues)												
Premium taxes.	Estimate provided separately by the Joint Committee on Taxation (see JCX-31-09)											
Income and Medicare payroll taxes (on-budget)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.2
Social Security payroll taxes (off-budget)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Subtotal, on-budget revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.4
Total, unified budget revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.5

### CHANGES IN DEFICITS

<b>On-budget deficits</b>	<b>9.1</b>	<b>6.2</b>	<b>-3.8</b>	<b>-10.6</b>	<b>-36.8</b>	<b>-30.9</b>	<b>-25.8</b>	<b>-34.3</b>	<b>-42.2</b>	<b>-50.6</b>	<b>-35.9</b>	<b>-219.7</b>
<b>Unified budget deficits</b>	<b>9.1</b>	<b>6.2</b>	<b>-3.8</b>	<b>-10.6</b>	<b>-36.8</b>	<b>-30.9</b>	<b>-25.8</b>	<b>-34.3</b>	<b>-42.3</b>	<b>-50.6</b>	<b>-35.9</b>	<b>-219.8</b>

### MEMORANDUM

Non-scorable savings from increased HCFAC spending	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.4	-1.3
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Note: CHIP = Children's Health Insurance Program; DSH = disproportionate share hospital; HCFAC = Health care fraud and abuse account; IOM = Institute of Medicine; MA = Medicare Advantage; MedPAC = Medicare Payment Advisory Commission; MMIS = Medicaid Management Information System; QI = qualifying individual.