



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 20, 2009

H.R. 1253

Health Insurance Restrictions and Limitations Clarification Act of 2009

*As ordered reported by the House Committee on Energy and Commerce
on March 4, 2009*

H.R. 1253, the Health Insurance Restrictions and Limitations Clarification Act of 2009, would require that group health plans disclose the limitations and restrictions on health insurance coverage in a timely manner to health plan sponsors and participants. The bill would amend the Employee Retirement and Income Security Act of 1974, the Public Health Service Act, and the Internal Revenue Code to reflect this new requirement. The bill would require that health insurance coverage limitations and restrictions be explicit and clear prior to the time of sale or enrollment. CBO estimates that H.R. 1253 would have no significant impact on the federal budget.

H.R. 1253 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on issuers of group health insurance coverage and sponsors of group health insurance plans. CBO estimates that the aggregate cost of complying with those mandates would not exceed the threshold established by UMRA for private-sector mandates (\$139 million in 2009, annually adjusted for inflation). CBO estimates that the direct costs of meeting the bill's requirements would be small because the issuers and sponsors of group health insurance plans generally make such information available and already discuss plan information before and after enrollment. Making that information more easily understood would only generate negligible costs.

H.R. 1253 contains no intergovernmental mandates as defined in UMRA. An existing provision in the Public Health Service Act would allow state, local, and tribal governments, as employers that provide health benefits to their employees, to opt out of the requirements of this bill. Consequently, provisions of the bill that would require plans to disclose coverage limits for injuries by source would not impose an intergovernmental mandate as defined in UMRA. The bill would affect the budgets of those governments only if they choose to comply with the requirements for their group health plans.

The CBO staff contacts for this estimate are Robert Stewart (for federal costs), Lisa Ramirez-Branum (for the impact on state, local, and tribal governments), and Keisuke Nakagawa (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.