



May 15, 2013

Honorable Paul Ryan
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Re: The Potential Budgetary Impact of H.R. 45

Dear Mr. Chairman:

With the House planning to take up H.R. 45, a bill to repeal the Patient Protection and Affordable Care Act and health care-related provisions in the Health Care and Education Reconciliation Act of 2010, very shortly, you requested that the Congressional Budget Office (CBO) provide a cost estimate for that legislation. Unfortunately, we will not be able to do so. Preparing a new estimate of the budgetary impact of repealing the Affordable Care Act (ACA) would take considerable time—probably several weeks—for CBO and the staff of the Joint Committee on Taxation (JCT), because there are hundreds of provisions in the ACA and those provisions are already in various stages of implementation. Moreover, we have just finished the time-consuming task of updating our baseline budget projections and need to finish our analysis of the President's budgetary proposals.

CBO and JCT most recently estimated the budgetary impact of repealing the ACA in July 2012. In a letter to Speaker Boehner (sent on July 24, 2012), CBO described the direct spending and revenue effects of H.R. 6079, the Repeal of Obamacare Act, as passed by the House of Representatives earlier in July. In that letter, CBO indicated that the net savings from eliminating the insurance coverage provisions of the ACA would be more than offset by the combination of other spending increases and revenue reductions that repeal of the ACA would entail. On balance, CBO and JCT estimated, repealing the ACA would affect direct spending and revenues in ways resulting in a net increase in budget deficits of \$109 billion over the 2013–2022 period.

Although CBO and JCT have not updated that estimate to reflect the most recent baseline projections, we anticipate a similar result were we to do so. We have just updated our estimate of the effects of the insurance coverage provisions of the ACA, because that estimate forms part of our baseline

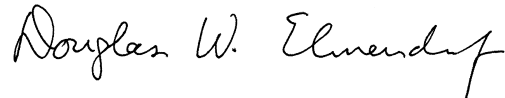
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budget projections; the current estimated cost of those provisions is only a little higher than the estimated cost last July—by about \$30 billion for the years 2014 to 2022. With that change and the addition of 2023 to the period for which CBO prepares cost estimates, the savings over the 2014–2023 period from repealing the insurance coverage provisions would be greater than the \$1.2 trillion estimated last year for the 2013–2022 period. But the net costs of repealing the other provisions of the ACA were estimated last year to total about \$1.3 trillion for the 2013–2022 period, and with the addition of 2023, they too would probably be greater this year—although CBO does not know the magnitude of the changes.

I hope this information is helpful to you. If you have any questions, please contact me or CBO staff.

Sincerely,



Douglas W. Elmendorf
Director

cc: Honorable Chris Van Hollen
Ranking Member

Honorable Fred Upton
Chairman
Committee on Energy and Commerce

Honorable Henry A. Waxman
Ranking Member

Honorable Dave Camp
Chairman
Committee on Ways and Means

Honorable Sander M. Levin
Ranking Member

Honorable John Kline
Chairman
Committee on Education
and the Workforce

Honorable George Miller
Senior Democratic Member