



January 21, 2010

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

Dear Congressman:

This letter responds to your request for an analysis of how CBO’s estimate for H.R. 3590, the Patient Protection and Affordable Care Act, as passed by the Senate, would change if all states received the same level of federal assistance for Medicaid that Nebraska would receive under the bill.

H.R. 3590 would make most nonelderly people with income below 133 percent of the federal poverty level eligible for Medicaid starting in 2014. The federal government would pay all of the costs of covering newly eligible enrollees through 2016; in subsequent years, the federal share of spending would vary somewhat from year to year but would average about 90 percent by 2019. However, the federal government would pay all of the costs of covering newly eligible enrollees in Nebraska in each year starting in 2014. (Under current rules, the federal government usually pays about 57 percent, on average, of the costs of Medicaid benefits.) As shown in the following table, CBO estimates that if the federal government paid all of the costs of covering newly eligible Medicaid enrollees for all states through 2019, net spending would increase by about \$35 billion over the 2010-2019 period relative to spending under H.R. 3590 as passed by the Senate.

Estimated Change in Direct Spending for Providing Full Federal Funding of Costs for Newly Eligible Medicaid Enrollees

	By Fiscal Year, in Billions of Dollars										2010-2014	2010-2019
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Change in Outlays	0	0	0	0	0	0	0	10.7	11.7	13.0	0	35.3

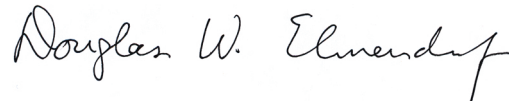
Note: Components may not sum to totals because of rounding.

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You also asked how such a change in the amount of federal assistance to states would affect the federal budgetary commitment to health care. The federal budgetary commitment to health care—a term CBO uses to describe the sum of net federal outlays for health programs and tax preferences for health care—would also increase by about \$35 billion between 2010 and 2019 if all states received the same level of federal assistance for Medicaid as Nebraska would receive under the legislation.

I hope you find this information helpful. If you have any questions, please contact me or CBO staff. The primary staff contacts for this analysis are Holly Harvey and Kate Massey.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large, stylized 'D' and 'E'.

Douglas W. Elmendorf
Director

cc: Honorable John M. Spratt Jr.
Chairman
Committee on the Budget

Honorable Nancy Pelosi
Speaker of the House

Honorable John A. Boehner
Republican Leader

Identical letter sent to the Honorable Judd Gregg.