CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 19, 2017

H.R. 3922
CHAMPION Act of 2017

As ordered reported by the House Committee on Energy and Commerce on October 4, 2017

SUMMARY

H.R. 3922 would extend funding for Community Health Centers and several other public health programs for two years, through 2019. It also would shorten the grace period during which premiums can be paid and reduce funding available for the Prevention and Public Health Fund. On net, CBO estimates that implementing the legislation would reduce the deficit by $1.4 billion over the 2018-2027 period.

Enacting H.R. 3922 would affect direct spending and revenues; therefore, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3922 would not increase net direct spending or on-budget deficits in one or more of the four consecutive 10-year periods beginning in 2028.

H.R. 3922 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3922 is shown in the following table. The costs of this legislation fall within budget functions 550 (health) and 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Sec. 101 – Community Health Centers and the National Health Service Corps												
Estimated Budget Authority	3,935	3,910	0	0	0	0	0	0	0	0	7,845	7,845
Estimated Outlays	1,124	2,733	2,780	1,181	16	0	0	0	0	0	7,833	7,833
Sec. 102 – Special Diabetes Program												
Budget Authority	263	300	0	0	0	0	0	0	0	0	563	563
Estimated Outlays	76	233	198	42	9	4	0	0	0	0	558	563
Sec. 103 – Teaching Health Centers GME												
Budget Authority	112	127	0	0	0	0	0	0	0	0	238	238
Estimated Outlays	45	92	72	29	0	0	0	0	0	0	238	238
Sec. 104 – Family-to-Family Health Information Centers												
Budget Authority	6	6	0	0	0	0	0	0	0	0	12	12
Estimated Outlays	3	5	3	1	0	0	0	0	0	0	12	12
Sec. 105 – Youth Empowerment Program and PREP												
Budget Authority	150	150	0	0	0	0	0	0	0	0	300	300
Estimated Outlays	5	69	122	74	18	0	0	0	0	0	288	288
Sec. 201 – QHP Grace Period Requirements												
Estimated Budget Authority	-262	-387	-394	-409	-424	-431	-447	-458	-463	-478	-1,876	-4,153
Estimated Outlays	-262	-387	-394	-409	-424	-431	-447	-458	-463	-478	-1,876	-4,153
Sec. 202 – Prevention and Public Health Fund												
Budget Authority	0	-400	-500	-500	-1,000	-500	-1,200	-1,250	-1,000	0	-2,400	-6,350
Estimated Outlays	0	-60	-193	-367	-548	-642	-779	-902	-1,045	-968	-1,168	-5,504
Total Changes												
Estimated Budget Authority	4,204	3,706	-894	-909	-1,424	-931	-1,647	-1,708	-1,463	-478	4,682	-1,545
Estimated Outlays	991	2,685	2,588	551	-929	-1,069	-1,226	-1,360	-1,508	-1,446	5,885	-723
INCREASES IN REVENUES												
Sec. 201 – QHP Grace Period Requirements	34	65	68	71	74	77	79	80	83	86	313	717
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM INCREASES OR DECREASES (-) IN DIRECT SPENDING AND REVENUES												
Impact on Deficit	957	2,620	2,520	480	-1,003	-1,146	-1,305	-1,440	-1,591	-1,532	5,572	-1,440

Notes: Components may not add to totals because of rounding; GME = Graduate Medical Education; PREP = Personal Responsibility Education Program; QHP = Qualified Health Plan.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3922 will be enacted near the start of calendar year 2018. Estimated outlays are based on historical spending patterns for the affected programs.

Extension of Expiring Provisions

H.R. 3922 would extend several public health provisions that would otherwise expire under current law. In total, CBO estimates that enacting those extensions would increase federal spending by about $8.9 billion over the 2018-2027 period. The budget authority for those extensions include:

- $3.6 billion per year in 2018 and 2019 for the Community Health Center Fund, which provides grants to health centers that can be used for infrastructure, management, training, and other expenses related to providing health care services;

- $310 million per year in 2018 and 2019 for the National Health Service Corps, which funds scholarships for primary care providers that serve in underserved communities;

- $263 million in 2018 and $300 million in 2019 for the Special Diabetes Program, which funds research on the prevention and cure of type 1 diabetes at the National Institutes of Health and funds diabetes treatment and prevention programs for American Indians through Indian Health Service, Tribal, and Urban Indian health providers;

- $111.5 million in 2018 and $126.5 million in 2019 for the Teaching Health Center Graduate Medical Education program, which supports training for medical and dental residents in primary care settings;

- $75 million per year for 2018 and 2019 for the Youth Empowerment Program (known as the Abstinence Education program under current law), which funds education on avoiding sexual risk;

- $75 million per year for 2018 and 2019 for the Personal Responsibility Education Program, which funds youth education about abstinence, contraception, and topics to prepare youth for adulthood; and

- $6 million per year for 2018 and 2019 to fund the Family-to-Family Health Information Centers, which support families of children with special health care needs.

Qualified Health Plan Grace Period Requirements

Under current law, people who enroll in subsidized health insurance purchased through a marketplace established under the Affordable Care Act (ACA) and pay the premium for at least their first month of coverage are granted a grace period of three months if they miss a subsequent payment. If they pay their premiums in full during that grace period, their coverage continues normally. If, at the end of three months, they have not made their premium payments, their coverage is terminated retroactively to the end of the first month of their grace period.

H.R. 3922 would shorten the grace period to one month unless a state sets a different one. CBO and the staff of the Joint Committee on Taxation (JCT) estimate that many people who, under current law, would have paid their delinquent premiums during the second or third month of their grace period would instead have their coverage terminated under this bill. CBO and JCT estimate that the subsidies those people would have received for coverage during the remainder of the calendar year would no longer be paid, resulting in a reduction in the federal deficit. In addition, some of those people who became uninsured would pay a penalty for not maintaining health insurance coverage under provisions known as the individual mandate, which would increase revenues. Based on information from states, insurers, surveys, and the Department of Health and Human Services, CBO and JCT estimate that fewer than 500,000 people would have their coverage terminated at some point each year. As a result, CBO and JCT estimate that this provision would reduce the deficit by about $4.9 billion over the 2018-2027 period; that estimated savings includes about $4.2 billion in reduced outlays and about $700 million in increased revenues.

Prevention and Public Health Fund

The legislation would reduce funding available to the Prevention and Public Health Fund. The Department of Health and Human Services awards grants through that fund to public and private entities to carry out prevention, wellness, and other public health activities. Under current law, annual funding available for these purposes totals $900 million in 2018, and rises to $2.0 billion in 2027 and each year thereafter. Over the 2019-2026 period, the legislation would reduce that funding by $6.3 billion. CBO estimates that enacting the provision would reduce direct spending by $5.5 billion over the 2018-2027 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3922, as ordered reported by the House Committee on Energy and Commerce on October 4, 2017

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	957	2,620	2,520	480	-1,003	-1,146	-1,305	-1,440	-1,591	-1,532	5,572	-1,440
Memorandum:												
Changes in Outlays	991	2,685	2,588	551	-929	-1,069	-1,226	-1,360	-1,508	-1,446	5,885	-723
Changes in Revenues	34	65	68	71	74	77	79	80	83	86	313	717

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3922 contains no intergovernmental or private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

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