Congressional Budget Office
Cost Estimate

April 25, 2019

H.R. 1010, To provide that the rule entitled "Short-Term, Limited Duration Insurance" shall have no force or effect.

As ordered reported by the House Committee on Energy and Commerce on April 3, 2019

Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	-3,211	-7,753
Revenues	0	409	1,103
Deficit Effect	0	-3,619	-8,856
Spending Subject to Appropriation (Outlays)	0	0	0

Pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Over Threshold

H.R. 1010 would prevent the Administration from implementing or enforcing a recent regulation aimed at increasing the number of people with short-term limited duration insurance (short-term plans) and would prohibit the Administration from promulgating similar regulations in the future.

CBO and JCT estimate that enacting the legislation would result in roughly 1.5 million fewer people purchasing short-term plans each year over the 2020-2029 period. Of those, more than 500,000 would instead purchase nongroup coverage through the marketplaces established by the Affordable Care Act, a small number would obtain coverage through an employer, and about 500,000 would become uninsured. The agencies expect that additional enrollees in the nongroup market would have the effect of lowering nongroup premiums by about 1 percent on average because those enrollees are likely to be healthier than the average nongroup enrollee under current law.

On net, CBO and JCT estimate that enacting H.R. 1010 would decrease the deficit by $8.9 billion over the 2019-2029 period primarily because premiums for subsidized nongroup insurance would be lower. That amount includes a $7.8 billion reduction in direct spending and a $1.1 billion increase in revenues.

H.R. 1010 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) by restricting the terms under which insurers may offer short-term plans. CBO estimates the cost of the mandate, which would include the revenue lost as a result of the restriction, would exceed the private-sector threshold established by UMRA in each of the first five years the mandate is in effect ($164 million in 2019, adjusted annually for inflation).

Details of the estimated budgetary effects of H.R. 1010 are shown in Table 1. The costs of the legislation fall within budget function 550 (health).

Table 1.
Estimated Budgetary Effects of H.R. 1010

	By Fiscal Year, Millions of Dollars												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2019-2029
Decreases in Direct Spending													
Estimated Budget Authority	0	-289	-632	-746	-738	-806	-883	-873	-895	-928	-963	-3,211	-7,753
Estimated Outlays	0	-289	-632	-746	-738	-806	-883	-873	-895	-928	-963	-3,211	-7,753
Increases in Revenues													
Estimated Revenues	0	33	74	91	96	114	109	144	149	160	132	409	1,103
On-Budget	0	0	9	20	31	37	35	43	41	48	30	98	295
Off-Budget	0	33	66	70	64	77	74	101	108	112	103	310	808
Decrease in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	0	-322	-706	-837	-834	-920	-992	-1,017	-1,044	-1,088	-1,095	-3,619	-8,856
On-Budget	0	-289	-641	-767	-770	-843	-918	-916	-936	-976	-992	-3,309	-8,048
Off-Budget	0	-33	-66	-70	-64	-77	-74	-101	-108	-112	-103	-310	-808

Components may not sum to totals because of rounding. All off-budget effects would come from changes in Social Security revenues.
Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

The CBO staff contacts for this estimate are Kevin McNellis and Alice Burns. The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.