Congressional Budget Office
Cost Estimate

October 31, 2019

At a Glance

H.R. 1922, the Restoring Access to Medication Act of 2019

As ordered reported by the House Committee on Ways and Means on October 23, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	0	0	0
Revenues	-497	-3,619	-8,458
Increase or Decrease (-) in the Deficit	497	3,619	8,458
Spending Subject to Appropriation (Outlays)	0	0	0

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
		Contains intergovernmental mandate?	No
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	> $5 billion	Contains private-sector mandate?	No

The bill would

- H.R. 1922 would amend the Internal Revenue Code to expand the definition of qualified medical expenses for Health Savings Accounts (HSAs), Health Flexible Spending Arrangements (FSAs), and other saving arrangements to include amounts paid for over-the-counter medicines or drugs and menstrual care products.

Estimated budgetary effects would primarily stem from

- An increase in contributions excluded from income and employment taxes due to newly eligible qualified medical expenses

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 1922 were provided by JCT.

Detailed estimate begins on the next page.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Bill Summary

H.R. 1922 would amend the Internal Revenue Code to expand the definition of qualified medical expenses for Health Savings Accounts (HSAs), Health Flexible Spending Arrangements (FSAs), and other saving arrangements to include amounts paid for over-the-counter medicines or drugs and menstrual care products.

Under current law, certain individuals and employers are eligible to make tax-preferred contributions into an HSA or utilize similar tax-advantaged saving arrangements like FSAs, health reimbursement accounts, and Archer Medical Savings Accounts. Generally, contributions made by an individual are deductible for income tax purposes, and contributions made by an employer, including through a cafeteria plan, are excludible from income for both income and payroll tax purposes. H.R. 1922 would include amounts paid for medicines or drugs that have not been prescribed by a doctor, and menstrual care products as qualified medical expenses for those accounts.

Estimated Federal Cost

The estimated budgetary effect of H.R. 1922 is shown in Table 1.

Table 1.
Estimated Budgetary Effects of H.R. 1922

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Decreases (-) in Revenues											
Estimated Revenues	-497	-729	-762	-801	-829	-858	-935	-984	-1,018	-1,045	-3,619	-8,458
On-Budget	-353	-523	-548	-576	-597	-619	-688	-729	-755	-774	-2,597	-6,162
Off-Budget[a]	-144	-206	-214	-225	-232	-239	-247	-255	-263	-271	-1,021	-2,296
	Increase in the Deficit From Changes in Revenues											
Effect on the Deficit	497	729	762	801	829	858	935	984	1,018	1,045	3,619	8,458
On-Budget Deficit	353	523	548	576	597	619	688	729	755	774	2,597	6,162
Off-Budget Deficit	144	206	214	225	232	239	247	255	263	271	1,021	2,296

Source: Staff of the Joint Committee on Taxation
Components may not sum to totals because of rounding.
a. Off-budget revenues result from changes in Social Security payroll tax receipts.

Basis of Estimate

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) are the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 1922 were provided by JCT.[1]

Revenues
JCT estimates that the bill would decrease revenues by $8.5 billion over the 2020-2029 period. The change in revenues includes a reduction of $2.3 billion that would result from changes in off-budget revenues (from Social Security payroll taxes).

Uncertainty
These budgetary estimates are uncertain because they rely on underlying projections and other estimates that are uncertain. Specifically, they are based in part on CBO's economic projections for the next decade under current law, and on estimates of changes in taxpayers' behavior in response to changes in tax rules.

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 changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 1. Only on-budget changes to outlays or revenues are subject to pay-as-you-go procedures.

Increase in Long-Term Deficits:

JCT estimates that enacting H.R. 1922 would increase on-budget deficits by more than $5 billion in each of the four consecutive 10-year periods beginning in 2030.

Mandates: None.

JCT has reviewed H.R. 1922 and determined that it contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Estimate Prepared By

Revenues: Staff of the Joint Committee on Taxation and Nathaniel Frentz

Mandates: Staff of the Joint Committee on Taxation

1. For JCT's estimates of the provisions, which include detail beyond the summary presented below, see Joint Committee on Taxation, Description of H.R. 1922, Description Of H.R. 1922, The "Restoring Access To Medication Act Of 2019", JCX-46-19 (October 21, 2019) http://go.usa.gov/xpa2d

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