Congressional Budget Office
Cost Estimate

February 14, 2021

At a Glance

Reconciliation Recommendations of the House Committee on Energy and Commerce

As ordered reported on February 12, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2030	2021-2031
Direct Spending (Outlays)	27,498	126,130	123,827
Revenues	0	1,474	1,488
Increase or Decrease (-) in the Deficit	27,498	124,656	122,339

		Mandate Effects	
Statutory pay-as-you-go procedures apply?	Yes	Contains intergovernmental mandate?	No
Increases on-budget deficits in any year after 2030?	No	Contains private-sector mandate?	Yes, Under Threshold

CBO has not reviewed the legislation for effects on spending subject to appropriation.

The legislation would

- Appropriate $105 billion for various activities related to testing for, treating, and responding to COVID-19 (the disease cause by the coronavirus); and for other activities related to COVID-19
- Allow extended postpartum coverage in Medicaid and the Children's Health Insurance Program (CHIP)
- Increase the federal medical assistance percentage (FMAP) to encourage states to expand Medicaid coverage and increase their provision of certain types of long-term services and supports
- Eliminate the cap on rebates that drug manufacturers pay to Medicaid
- Increase the cost of an existing private-sector mandate on certain commercial entities if the Federal Communications Commission increases annual fee collections

Estimated budgetary effects would mainly stem from

- Increased direct spending resulting from $105 billion in new budget authority
- Additional direct spending from increasing the number of months of postpartum coverage under Medicaid and CHIP
- Increased Medicaid and CHIP spending on COVID-19 vaccines, new enrollees, services for inmates in jails and prisons, and long-term services and supports
- Reduced Medicaid spending on prescription drugs

Areas of significant uncertainty include

- Estimating the rate at which the new budget authority would be spent by federal agencies
- Predicting how many women would participate in postpartum coverage under Medicaid and CHIP
- Estimating how many states would expand Medicaid coverage as the result of higher FMAPs
- Estimating future growth in drug prices

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.

Summary of the Legislation

S. Con. Res. 5, the Concurrent Resolution on the Budget for Fiscal Year 2021, instructed several committees of the House of Representatives to recommend legislative changes that would increase deficits up to a specified amount over the 2021-2030 period. As part of this reconciliation process, the House Committee on Energy and Commerce approved legislation on February 12, 2021, with a number of provisions that would increase deficits.

The legislation would appropriate $92.2 billion for various activities related to testing for, treating, and responding to COVID-19, the disease caused by the coronavirus. The legislation would also make changes to the Medicaid program and the Children's Health Insurance Program (CHIP), which include expanding coverage for women after the birth of their child, encouraging states that have not already done so to expand Medicaid coverage to adults made eligible by the Affordable Care Act (ACA), and eliminating the limit on the rebates paid by drug manufacturers to Medicaid. Finally, the legislation would appropriate $12.8 billion for various activities related to addressing the energy, environmental, educational, and commerce-related effects of the coronavirus pandemic.

Estimated Federal Cost

The estimated budgetary effects of the reconciliation recommendations of the House Committee on Energy and Commerce are shown in Table 1. The costs of the legislation fall within budget functions 300 (natural resources and environment), 370 (commerce and housing credit), 500 (education, training, employment, and social services), 550 (health), and 600 (income security).

Basis of Estimate

For this estimate, CBO assumes that the reconciliation bill will be enacted by the end of March 2021. Outlay estimates are based on historical spending patterns for affected programs and information from the agencies about program implementation.

Direct Spending and Revenues

CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting the reconciliation recommendations of the House Committee on Energy and Commerce would increase direct spending by $126.1 billion and would increase federal revenues by $1.5 billion over the 2021-2030 period, for a net effect on the deficit over that period of $124.7 billion.

Funding for Public Health. Subtitle A would appropriate $92.2 billion for various activities aimed at improving public health and responding to COVID-19.

Within subtitle A, Chapter 1 would provide $14.2 billion to fund activities related to vaccination and treatment with the following specific appropriations:

- $7.5 billion to the Centers for Disease Control and Prevention (CDC) to plan, prepare for, promote, distribute, administer, monitor, and track COVID-19 vaccines;
- $1.0 billion to the CDC to improve vaccine education and confidence and vaccination rates;
- $5.2 billion to the Secretary of Health and Human Services (HHS) to advance research, development, manufacturing, production, and the purchase of vaccines, therapeutics, and ancillary medical products to prevent, prepare, and respond to SARS-CoV-2, COVID-19, or any disease with potential for creating a pandemic; and
- $0.5 billion to the Food and Drug Administration to oversee the development and marketing of COVID-19 therapeutics, vaccines, and diagnostic tests.

Chapter 2 would provide $49.0 billion for testing for COVID-19, specifically appropriating:

- $46.0 billion to the Secretary of HHS to detect, diagnose, trace, and monitor COVID-19 infections;
- $1.8 billion to the CDC for genomic sequencing, analytics, and disease surveillance;
- $0.8 billion to the CDC to combat COVID-19 and other emerging infectious threats globally; and
- $0.5 billion to the CDC to support the surveillance and analytic infrastructure of public health data.

Chapter 3 would provide $7.8 billion for strengthening the public health workforce with two specific appropriations:

- $7.7 billion for state, local, and territorial public health departments to establish, expand, and sustain their public health workforce; and
- $0.1 billion to the Medical Reserve Corps.

Chapter 4 would provide $11.2 billion for other public health investments that specifically cover:

- $7.6 billion for awarding grants and cooperative agreements to community health centers and qualified entities under the Native Hawaiian Health Care Improvement Act to support activities related to testing for, treating, and vaccinating against COVID-19;
- $0.8 billion to the National Health Service Corps to support qualified health care providers working in areas with limited access to care;
- $0.2 billion to the Nurse Corps to support nurses working in facilities that provide primary health care or maternal health care to underserved populations;
- $0.3 billion to health centers that provide graduate medical education;

- $1.8 billion for activities related to testing, tracing, and mitigating COVID-19 infections in congregate settings; and
- $0.4 billion for HHS to provide services for children under its care, including unaccompanied alien children in the custody of the Office of Refugee Resettlement.

Chapter 5 would provide $6.1 billion to the Indian Health Service (IHS) for lost reimbursements resulting from people deferring routine and elective health care, testing and tracing of COVID-19 infections, COVID-19 vaccine promotion, distribution and administration, additional support for purchased and referred care, and for other purposes.

Chapter 6 would provide $3.9 billion to strengthen activities related to mental health and substance abuse, specifically appropriating:

- $1.8 billion to the Secretary of HHS for community mental health services;
- $1.8 billion to the Secretary of HHS for activities relating to the prevention and treatment of substance abuse;
- $0.1 billion for the Health Resources and Services Administration (HRSA) to award grants to eligible institutions that provide mental and behavioral health education and training; and
- $0.3 billion for other activities.

Chapter 7 would appropriate $20 million to HHS for grants to eligible states to modernize the health insurance marketplaces established under the ACA.

In total, CBO estimates that the funds appropriated by subtitle A would increase direct spending by $91.3 billion over the 2021-2030 period.

Coverage of COVID-19 Vaccinations and Treatments. Subtitles B and C would make various changes to the Medicaid and CHIP programs' coronavirus-related spending. In total, sections 3101 and 3201 would increase direct spending by an estimated $1.1 billion and $68 million, respectively, over the 2021-2030 period.

Mandatory Coverage of COVID-19 Vaccination, Without Cost Sharing. Sections 3101 and 3201 would require state Medicaid and CHIP programs to cover vaccinations, without cost sharing, for all eligible enrollees. Under current law, the federal government is expected to provide the vaccines administered through both programs, but some patients would still have to pay the cost sharing associated with having the vaccine administered. In addition, if a state implements an option under Medicaid to provide COVID-19 testing for uninsured people, it would have to do so without cost sharing. The sections also would extend for a year the period in which a state must vaccinate, without cost sharing, adults enrolled in Medicaid under the program's traditional eligibility rules.

CBO estimates that 4 million Medicaid and CHIP enrollees are currently ineligible for vaccination under either program. By the end of the public health emergency (PHE), CBO

estimates, fewer than 1 million adults enrolled under Medicaid's traditional eligibility rules would be subject to cost-sharing requirements to receive the vaccine.

If enacted, CBO estimates, the requirements in sections 3101 and 3201 would increase the number of vaccinations administered to Medicaid and CHIP enrollees by about 2 million doses in 2021 and by about 6 million over the 2021-2023 period. Because the federal government is expected to provide the vaccine itself, sections 3101 and 3102 would only affect the costs associated with administering the vaccines. Using information from the Centers for Medicare & Medicaid Services, CBO estimates that in 2021, the cost of administering a single dose will vary between $17 and $28, depending on the type of vaccine. Over the 2021-2030 period, CBO estimates, the requirement to provide vaccination coverage without cost sharing would increase Medicaid's direct spending by $107 million and CHIP's by less than $1 million.

Increased Federal Medical Assistance Percentage for Vaccinations. Sections 3101 and 3201 also would raise the federal medical assistance percentage (FMAP) to 100 percent for payments to states for administering vaccines for one year after the end of the PHE. Over the 2021-2030 period, CBO estimates, the higher FMAP would increase direct spending for Medicaid and CHIP by $747 million and by $68 million, respectively.

Mandatory Coverage of Treatment or Prevention, Without Cost Sharing. Sections 3101 and 3201 also would require state Medicaid and CHIP programs to provide coverage, without cost sharing, for treatment or prevention of COVID-19 for one year after the end of the PHE. Additionally, over the same period, if a state chose to implement an option under Medicaid to provide COVID-19 testing for uninsured people, section 3101 also would extend the requirement to provide treatment and prevention to those people without requiring cost sharing.

About 5 million people enrolled in Medicaid or CHIP are expected to receive COVID-19 treatment in 2021. CBO expects that number to decline to fewer than 100,000 by 2022 and estimates that about 25 percent of those people would be subject to cost-sharing requirements for a physician service ($2, on average, in 2021), an inpatient hospital service ($70, on average, in 2021), or both. CBO estimates that the requirements in sections 3101 and 3201 that would prohibit cost sharing for treatment would increase direct spending by $34 million for Medicaid and by less than $1 million for CHIP over the 2021-2030 period.

CBO anticipates that 3 million uninsured people will receive COVID-19 treatment in 2021. By 2022, that number is expected to fall below 50,000. In 2020, 10 states had implemented an option under Medicaid to test uninsured people for COVID-19. In those states, CBO estimates, the requirement in section 3101 to provide vaccinations or treatment services would increase direct spending for Medicaid by $243 million over the 2021-2030 period.

Coverage for Pregnant and Postpartum Women. Sections 3102 and 3202 would allow states to extend health coverage for women enrolled in Medicaid or CHIP for 12 months after the birth of a child. In total, CBO estimates, those sections would increase federal

deficits by $5.1 billion over the 2021-2030 period—an increase in direct spending of $6.0 billion and an increase in revenues of $0.8 billion over the period.

Under current law, for 60 days after the birth of a child, states must provide Medicaid coverage to women whose income does not exceed 138 percent of the federal poverty level (FPL). Forty-six states and the District of Columbia exercise an option under current law to provide Medicaid coverage to pregnant women whose income is above 138 percent of the FPL, 29 extend coverage if their income is equal to or above 200 percent of the FPL, and 3 extend coverage if their income is above 300 percent of the FPL. Under current law, states also can provide pregnancy-related services to women under CHIP, but they may only provide postpartum services to women who, if not for their income, would otherwise be eligible for coverage under Medicaid.

CBO estimates that in 2020, Medicaid and CHIP provided pregnancy-related coverage to about 2 million women; approximately 1.8 million carried their pregnancy to term. CBO estimates that about 35 percent of those recipients have income above 138 percent of the FPL, which reflects the coverage options currently available to states under Medicaid and CHIP. Regardless of a state's decision to provide optional coverage to eligible women, the state must reevaluate applicants' eligibility for other coverage before the end of the 60-day postpartum period. Medicaid coverage after that point can include the full scope of health services or be limited to family-planning services.

Medicaid Coverage Under the 12-Month Option. CBO estimates that under current law, at the end of the 60-day postpartum period about 30 percent of women will continue to receive comprehensive services from Medicaid, 30 percent will enroll either in employment-based or in marketplace coverage, and about 45 percent will be uninsured (although roughly two-thirds of those women would still receive family-planning services).

Section 3102 would provide women in states that exercise the option with 10 additional months of Medicaid coverage. CBO estimates that by 2024, about 25 percent of all women who would be expected to receive postpartum services from Medicaid will live in states that implement the 12-month option. Using administrative data and information from industry sources, CBO estimates that the combined federal and state cost to provide 10 additional months of Medicaid coverage would be about $1,500 per person, on average, in 2022; that amount would increase at an average annual rate of about 6 percent over the 2022-2030 period. For women whose current-law Medicaid services are limited to family planning, CBO estimates that the cost per person would be about $1,100, on average. In total, CBO estimates, the additional months of coverage would increase direct spending for Medicaid by $6.1 billion over the 2021-2030 period.

CHIP Coverage for Pregnant and Postpartum Women. Under current law, states can provide CHIP coverage to eligible women during pregnancy and for 60 days after the birth of a child. CHIP cannot be used to replace existing Medicaid coverage for pregnant women. To cover pregnant women under CHIP, states must provide, at a minimum, Medicaid coverage to

women whose income is up to 185 percent of the FPL. In 2020, approximately 15,000 women received pregnancy and postpartum care under CHIP. CBO estimates that all of those women became ineligible for comprehensive Medicaid and CHIP services at the end of the 60-day postpartum period.

If a state provides CHIP coverage to eligible women up to the end of the 60-day postpartum period, and if the state chooses to implement the Medicaid option under section 3102, the legislation would require the state to extend similar coverage under CHIP. However, because not all states extend CHIP coverage to pregnant women, CBO estimates that by 2024 fewer than 1,000 pregnant women would reside in a state that implemented the option. CBO expects that additional months of coverage under CHIP would cost about the same as under Medicaid. On net, CBO estimates, section 3202 would increase direct spending for CHIP by $5 million over the 2021-2030 period.

Private Health Insurance for Pregnant and Postpartum Women. Some women whose Medicaid coverage ends after the birth of a child enroll in private health insurance. CBO estimates that in states that are expected to implement the option under section 3102, fewer than 5 percent of women who become ineligible each year for Medicaid or CHIP currently receive coverage through a marketplace and 30 percent enroll in employment-based coverage. Under section 3102, over the 2021-2030 period, about 10,000 and 100,000 women annually would delay enrollment either in marketplace coverage or in employment-based coverage, respectively, for about 10 months. That delay would lower subsidies for private health insurance, thereby reducing direct spending by $137 million and increasing revenues by $816 million over the 2021-2030 period, according to CBO and JCT's estimates.

Medicaid for Inmates During the 30-Day Period Preceding Release. Section 3103 would create an exception for 5 years, starting one year after enactment, to the prohibition on making Medicaid payments for services provided to inmates of correctional institutions. Section 3103 would permit payments for services to inmates who are enrolled in Medicaid during the last 30 days of their incarceration. According to data from the Bureau of Justice Statistics:

- Local jails admit and release about 10 million people per year, 89 percent of whom are admitted and released within 30 days, and
- State prisons admit and release about 600,000 people per year, almost all of whom remain incarcerated for longer than 30 days.

As a result, section 3103 would allow the vast majority of Medicaid enrollees to maintain their Medicaid coverage during their incarceration in local jails and would permit those jails to bill Medicaid for medical care provided to the incarcerated enrollees. Section 3103 would allow incarcerated enrollees in prisons to receive Medicaid coverage in the final 30 days of their incarceration, which would permit state prisons to bill Medicaid for services provided pre-release.

Based on a report by the Prison Policy Initiative, CBO estimates that about 45 percent of inmates released from jails and prisons would be enrolled in Medicaid in the early years of the 2021-2030 period, rising to 55 percent by the end of the period as CBO projects additional states will adopt the ACA expansion over time.

CBO expects that the costs per Medicaid inmate would be modest, as local jails generally provide limited services, such as generic medications to assist with drug withdrawals and mental health crises during the short-term stays, while prisons would be expected to provide pre-release health screenings and short-term supplies of medications to help with the transition to the post-release period. CBO estimates that the average cost per prisoner would be about $100 in the beginning of the period, rising to about $200 by the end of the period because of increases in the costs of providing medical care.

Lastly, CBO projects that state prisons would quickly develop the infrastructure to bill Medicaid for services to inmates in the last 30 days of their stay, which in many cases would allow them to defray the costs incurred for pre-release services. Local jails would more gradually establish similar capacity to bill Medicaid, delaying the full implementation of section 3103 for several years. In total, CBO estimates that section 3103 would increase direct spending by $3.7 billion over the 2021-2030 period.

Bundled Community-Based Mobile Crisis Intervention. Section 3104 would, for 12 fiscal quarters, increase a state's FMAP for crisis intervention services that qualify as mobile and community-based, as defined by the bill. The enhanced FMAP would equal 85 percent and would apply only to services that otherwise would be reimbursed at a state's traditional FMAP. Based on information from state mental health agencies, CBO estimates that at least 16 states have programs that provide services that would qualify for the enhanced FMAP provided under section 3104. Not all of those programs currently seek Medicaid reimbursement for crisis intervention services provided to Medicaid; CBO expects that the programs would be more likely to do so under section 3104. CBO also anticipates that those changes would encourage all of the programs to request reimbursement under their state Medicaid programs and that the states would receive the enhanced FMAP under section 3104 for such services. In addition, based on the rate at which state Medicaid programs have adopted other services and demonstrations specific to behavioral health care, CBO expects additional states would begin reimbursing for crisis intervention services that qualify as mobile and community-based.

CBO estimates that the combined federal and state cost to provide crisis intervention services that qualify as mobile and community-based would be about $1,500 per person, on average, in 2021; that amount would increase at an average annual rate of about 6 percent over the 2022-2030 period. In total, CBO estimates, the enhanced FMAP and the decision by states to establish new programs that provide crisis intervention services that qualify as mobile and community-based would increase direct spending for Medicaid by $1.1 billion over the 2021-2030 period.

Temporary Increase in FMAP for Expanding ACA Coverage. Section 3105 would, for eight calendar quarters, provide a temporary, 5 percentage-point increase in the Medicaid FMAP to states that expand coverage to adults made eligible by the ACA. CBO and JCT estimate that the provision would increase federal deficits by $15.5 billion over the 2021-2030 period—the net effect of an increase in outlays of $16.2 billion and an increase in revenues of $0.7 billion.

Under section 3105, the FMAP increase would be available only to states that expand such coverage after the legislation is enacted, and it would not be available to states that had previously expanded coverage. Only services provided to traditional eligibility groups could qualify for the increase; services provided to adults made eligible by the ACA would not be included. The higher FMAP also would not apply to the following expenditures:

- Medicaid payments to hospitals that serve a disproportionate share of low-income enrollees,
- Medicaid allotments to the territories, and
- Payments for programs other than Medicaid that use the FMAP to determine the federal share of payments (such as CHIP, payments from states toward Medicare Part D, and Title IV).

Increased Medicaid Spending. Section 3105 would increase Medicaid spending in two ways. First, CBO expects, the additional 5 percentage-point increase in the FMAP would induce some states to expand Medicaid coverage to low-income adults sooner than CBO's baseline projections for Medicaid enrollment would indicate. Currently, 37 states and the District of Columbia have implemented the expansion, and those states have enrolled roughly 60 percent of eligible adults nationwide. Under its baseline forecast, CBO projects that additional states will adopt the expansion at the historical rate of expansions since 2014 (the initial year of the expansion's availability). CBO anticipates that by 2030 about 70 percent of all potential enrollees will be covered.

Although the rate of expansion is subject to considerable uncertainty, CBO projects that the 5 percentage-point increase in the FMAP would induce states that would expand during the 2021-2030 period to do so about a year sooner, on average, than they otherwise would. The result would be an increase in Medicaid enrollment in those years among adults made eligible by the ACA in those states. Based on CBO's projections for enrollment in states that have not already adopted the expansion and the projected cost per adult made eligible by the ACA, CBO estimates that those earlier expansions would cost the federal government $17.2 billion over the 2021-2030 period.

The second effect of section 3105 would be the added cost of the 5 percentage-point increase in the FMAP. Based on the average matching rates projected for states that have not yet adopted the expansion, CBO estimates the cost at $4.7 billion. In total, CBO estimates,

section 3105 would increase direct spending on Medicaid by $21.8 billion over the 2021-2030 period.

Reduced Federal Subsidies for Private Health Insurance. Section 3105 also would reduce enrollment in private health insurance as more people enroll in Medicaid in the states that adopt the ACA expansion. CBO and JCT estimate that over the 2021-2030 period Medicaid enrollment would increase, on average, by about 85,000 people who would otherwise have enrolled in coverage through the marketplaces and by another 33,000 people who would otherwise have enrolled in employment-based coverage. CBO and JCT estimate that those reductions in enrollment would reduce direct spending for health insurance subsidies by $5.7 billion and increase revenues by $0.7 billion over the 2021-2030 period.

100 Percent FMAP for Urban Indian Organizations and Native Hawaiian Health Care. Section 3106 would, for eight calendar quarters, provide a 100 percent federal matching rate for services to Medicaid enrollees who access care in the Urban Indian Health Programs (UIHPs) or the Native Hawaiian Health Care System (NHHCS). Under current law, services provided to Medicaid enrollees are matched at 100 percent if they are received through an IHS facility. IHS is the agency that is responsible for providing federal health services to American Indians and Alaska Natives. UIHPs are health care organizations that are grantees of the IHS but are not considered federal entities that are part of the IHS and therefore only receive the standard federal matching rates for services to Medicaid enrollees. Similarly, the NHHCS comprises five health care clinics that are grantees of HRSA that are not considered federal entities.

The standard federal matching rates under current law average an estimated 65 percent for traditional eligibility categories during 2021 and 2022, and will average an estimated 58.5 percent during 2023, the time period covered by the eight quarters specified under section 3106. The matching rates for adults made eligible by the ACA will be 90 percent during the same period.

According to information from the UIHP system, the UIHP treats about 90,000 Medicaid patients per year at an estimated average cost of about $2,000 per patient. Applying the 100 percent matching rate for services to these enrollees would increase direct spending by $155 million over the 2021-2030 period. Given the size of the NHHCS relative to the UIHP system, CBO estimates that applying a 100 percent matching rate to services provided at NHHCS clinics would increase direct spending by another $7 million over the period.

Sunset of Limit on Maximum Rebate for Certain Drugs. Under current law, manufacturers are required to pay Medicaid a rebate on all covered outpatient drugs. The rebate amount is determined according to statute by two formulas that include a basic rebate with separate calculations for brand and generic drugs and an additional inflationary rebate that reflects differences in growth between the Average Manufacturer Prices (AMPs) and the consumer price index. The total rebate amount is capped at 100 percent of the AMP. The cap does not affect rebates paid for all drugs: It tends to be most relevant for drugs that have

experienced substantial price increases over time and for drugs that offer particularly large rebates to payers other than Medicaid. Section 3107 would eliminate the cap on the total rebate amount starting January 1, 2023.

Based on administrative data on AMPs and prescription drug spending in Medicaid, CBO estimates that in 2019, the cap on the total rebate amount prevented federal and state governments from collecting more than $3 billion in rebates for covered outpatient drugs. CBO expects that section 3107 would increase the amount of rebates that manufacturers pay Medicaid and would reduce direct spending in Medicaid by $15.9 billion over the 2021-2030 period.

Additional Support for Medicaid HCBS. Section 3108 would, for four fiscal quarters, increase the federal FMAP in Medicaid by 7.35 percentage points for state expenditures on home and community-based services (HCBS). HCBS are long-term care services that beneficiaries receive in their home or in the community rather than in institutions such as nursing facilities. CBO projects that the federal and state governments will spend almost $200 billion on HCBS during the four quarters for which the enhanced FMAP is available to states. Increasing the federal share of such spending would increase federal spending on Medicaid by $9.3 billion.

Strike Teams for Nursing Facilities. Section 3109 would appropriate $250 million for states to establish strike teams that would be deployed to nursing facilities that have patients who have been diagnosed with COVID-19 or who are suspected of having the disease. CBO estimates that section 3109 would increase direct spending by $250 million over the 2021-2030 period.

Other Provisions. Subtitle D would appropriate $12.8 billion for environmental protections, utility assistance, distance learning, and other consumer product safety.

Within subtitle D, chapter 1 would appropriate $5.1 billion to fund activities related to environmental health and assistance to people for paying utility bills:

- $0.1 billion to the Environmental Protection Agency for grants and other activities that enhance environmental justice and to support implementation of the Clean Air Act;
- $4.5 billion to the Low-Income Home Energy Assistance Program; and
- $0.5 billion for grants to assist low-income households with the costs of drinking water and wastewater services.

Chapter 2 would appropriate $7.7 billion for distance learning, primarily to reimburse schools and libraries for the costs of telecommunications equipment and services, and consumer product safety.

In total, CBO estimates that the funds appropriated by subtitle D would increase direct spending by $12.8 billion over the 2021-2030 period.

Uncertainty

There are two major types of uncertainty in CBO's estimate of the reconciliation recommendations of the House Committee on Energy and Commerce: For subtitles A and D, the primary forms of uncertainty stem from CBO's estimates of the pace at which federal agencies would spend the new budget authority. For subtitles B and C, most of the uncertainty of CBO's estimates stem from expectations about state behavior, people's enrollment in various forms of health coverage, and the of the increase in health care prices.

Uncertainty About the Pace at Which Federal Agencies Would Spend New Budget Authority. The reconciliation recommendations of the House Committee on Energy and Commerce would provide $105 billion in new budget authority for fiscal year 2021, increasing individual agencies' funding for the year by a substantial amount. For example, the 2021 budget authority for the CDC, HRSA, and the IHS would see significant increases roughly halfway through the fiscal year. It is uncertain whether such agencies would be able to spend all of the new funds rapidly.

Uncertainty About State Behavior, People's Enrollment in Various Forms of Health Coverage, and the Growth of Health Care Prices. For subtitles B and C, CBO's estimates include projections of the results of states' choices to expand coverage, people's choices to enroll in coverage if they were newly eligible, and the future costs of providing health care services to beneficiaries—all of which are uncertain. Some of the more significant sources of uncertainty include:

- Estimating how many women would remain enrolled in Medicaid if states expand postpartum coverage and how many additional months of coverage they would have;
- Predicting how many states will expand Medicaid under current law and how the increased FMAP would accelerate the pace of state expansions;
- Forecasting future growth in drug prices and how drug manufacturers would change their pricing strategies if the cap on rebates were eliminated; and
- Estimating the future growth in prices for HCBS and how states would expand their coverage of HCBS on account of the higher FMAP.

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 Table 1.

Increase in Long-Term Deficits: None.

Mandates

If the FCC increases annual fee collections to offset the costs of issuing rules to promote internet connectivity for schools and libraries as required by section 3312, the legislation

would increase the cost of an existing private-sector mandate on commercial entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold established in the Unfunded Mandates Reform Act for private-sector mandates ($170 million in 2021, adjusted annually for inflation).

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Table 1.
Estimated Budgetary Effects of Reconciliation Recommendations
As Reported by the House Committee on Energy and Commerce on February 12, 2021

	By Fiscal Year, Millions of Dollars											2021-2030	2021-2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	Increases or Decreases (-) in Direct Spending												
Subtitle A. Funding for Public Health													
Chapter 1 - Vaccines and Therapeutics													
Sec. 3001. Vaccine Activities at the CDC													
Budget Authority	7,500	0	0	0	0	0	0	0	0	0	0	7,500	7,500
Estimated Outlays	1,500	4,500	750	450	225	0	0	0	0	0	0	7,425	7,425
Sec. 3002. Vaccine Confidence Activities													
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	0	1,000	1,000
Estimated Outlays	200	600	100	60	30	0	0	0	0	0	0	990	990
Sec. 3003. Vaccines and Therapeutics Supply Chain													
Budget Authority	5,200	0	0	0	0	0	0	0	0	0	0	5,200	5,200
Estimated Outlays	2,033	2,803	312	52	0	0	0	0	0	0	0	5,200	5,200
Sec. 3004. Activities at the Food and Drug Administration													
Budget Authority	500	0	0	0	0	0	0	0	0	0	0	500	500
Estimated Outlays	165	250	75	10	0	0	0	0	0	0	0	500	500
Chapter 1, Total													
Budget Authority	***14,200***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***14,200***	***14,200***
Estimated Outlays	***3,898***	***8,153***	***1,237***	***572***	***255***	***0***	***0***	***0***	***0***	***0***	***0***	***14,115***	***14,115***
Chapter 2 - Testing													
Sec. 3011. Testing, Contact Tracing, and Mitigation Activities													
Budget Authority	46,000	0	0	0	0	0	0	0	0	0	0	46,000	46,000
Estimated Outlays	9,200	27,600	4,600	2,760	1,380	0	0	0	0	0	0	45,540	45,540
Sec. 3012. SARS-CoV-2 Genomic Sequencing and Surveillance													
Budget Authority	1,750	0	0	0	0	0	0	0	0	0	0	1,750	1,750
Estimated Outlays	350	1,050	175	105	53	0	0	0	0	0	0	1,733	1,733
Sec. 3013. Global Health													
Budget Authority	750	0	0	0	0	0	0	0	0	0	0	750	750
Estimated Outlays	150	450	75	45	23	0	0	0	0	0	0	743	743
Sec. 3014. Data Modernization and Forecasting Center													
Budget Authority	500	0	0	0	0	0	0	0	0	0	0	500	500
Estimated Outlays	100	300	50	30	15	0	0	0	0	0	0	495	495
Chapter 2, Total													
Budget Authority	***49,000***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***49,000***	***49,000***
Estimated Outlays	***9,800***	***29,400***	***4,900***	***2,940***	***1,471***	***0***	***0***	***0***	***0***	***0***	***0***	***48,511***	***48,511***
Chapter 3 - Public Health Workforce													
Sec. 3021. Public Health Workforce													
Budget Authority	7,660	0	0	0	0	0	0	0	0	0	0	7,660	7,660
Estimated Outlays	1,532	3,064	2,681	383	0	0	0	0	0	0	0	7,660	7,660
Sec. 3022. Medical Reserve Corps													
Budget Authority	100	0	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	20	56	16	6	2	0	0	0	0	0	0	100	100
Chapter 3, Total													
Budget Authority	***7,760***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***7,760***	***7,760***
Estimated Outlays	***1,552***	***3,120***	***2,697***	***389***	***2***	***0***	***0***	***0***	***0***	***0***	***0***	***7,760***	***7,760***
Chapter 4 - Public Health Investments													
Sec. 3031. Community Health Centers													
Budget Authority	7,600	0	0	0	0	0	0	0	0	0	0	7,600	7,600
Estimated Outlays	1,520	3,040	2,660	380	0	0	0	0	0	0	0	7,600	7,600
Sec. 3032. National Health Service Corps													
Budget Authority	800	0	0	0	0	0	0	0	0	0	0	800	800
Estimated Outlays	160	320	280	40	0	0	0	0	0	0	0	800	800
Sec. 3033. Nurse Corps													
Budget Authority	200	0	0	0	0	0	0	0	0	0	0	200	200
Estimated Outlays	46	100	40	10	0	0	0	0	0	0	0	196	196
Sec. 3034. Teaching Health Centers that Operate Graduate Medical Education													
Budget Authority	330	0	0	0	0	0	0	0	0	0	0	330	330
Estimated Outlays	66	132	116	13	0	0	0	0	0	0	0	327	327

continued

Table 1. Estimated Budgetary Effects of Reconciliation Recommendations by the House Committee on Energy and Commerce on February 12, 2021 continued

		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021-2030	2021-2031
Sec. 3035.	Testing, Tracing, and Mitigation Activities in Congregate Settings													
	Budget Authority	1,800	0	0	0	0	0	0	0	0	0	0	1,800	1,800
	Estimated Outlays	324	990	396	36	18	0	0	0	0	0	0	1,764	1,764
Sec. 3036.	Family Planning													
	Budget Authority	50	0	0	0	0	0	0	0	0	0	0	50	50
	Estimated Outlays	10	35	4	0	0	0	0	0	0	0	0	49	49
Sec. 3037.	Children Under HHS Care													
	Budget Authority	425	0	0	0	0	0	0	0	0	0	0	425	425
	Estimated Outlays	13	17	64	68	74	70	64	51	4	0	0	425	425
Sec. 3038.	HHS Inspector General													
	Budget Authority	5	0	0	0	0	0	0	0	0	0	0	5	5
	Estimated Outlays	2	3	0	0	0	0	0	0	0	0	0	5	5
Chapter 4, Total														
	Budget Authority	***11,210***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***11,210***	***11,210***
	Estimated Outlays	***2,141***	***4,637***	***3,560***	***547***	***92***	***70***	***64***	***51***	***4***	***0***	***0***	***11,166***	***11,166***
Chapter 5 - Indian Health														
Sec. 3041.	Indian Health													
	Budget Authority	6,094	0	0	0	0	0	0	0	0	0	0	6,094	6,094
	Estimated Outlays	1,493	3,534	506	84	84	71	59	43	19	6	0	5,899	5,899
Chapter 6- Mental Health and Substance Use Disorder														
Sec. 3051.	Community Mental Health Services													
	Budget Authority	1,750	0	0	0	0	0	0	0	0	0	0	1,750	1,750
	Estimated Outlays	315	910	350	140	35	0	0	0	0	0	0	1,750	1,750
Sec. 3052.	Prevention and Treatment of Substance Abuse													
	Budget Authority	1,750	0	0	0	0	0	0	0	0	0	0	1,750	1,750
	Estimated Outlays	315	910	350	140	35	0	0	0	0	0	0	1,750	1,750
Sec. 3053.	Training for Health Care Professionals, Paraprofessionals, and Public Safety Officers													
	Budget Authority	80	0	0	0	0	0	0	0	0	0	0	80	80
	Estimated Outlays	18	40	16	4	0	0	0	0	0	0	0	78	78
Sec. 3054.	Education and Awareness Campaign for Health Care Professionals													
	Budget Authority	20	0	0	0	0	0	0	0	0	0	0	20	20
	Estimated Outlays	4	12	2	1	1	0	0	0	0	0	0	20	20
Sec. 3055.	Grants to Health Care Providers for Mental and Behavioral Health Among Workforce													
	Budget Authority	40	0	0	0	0	0	0	0	0	0	0	40	40
	Estimated Outlays	9	20	8	2	0	0	0	0	0	0	0	39	39
Sec. 3056.	Community-Based Funding for Local Substance Use Disorder													
	Budget Authority	30	0	0	0	0	0	0	0	0	0	0	30	30
	Estimated Outlays	6	15	6	2	1	0	0	0	0	0	0	30	30
Sec. 3057.	Community-Based Funding for Local Behavioral Health													
	Budget Authority	50	0	0	0	0	0	0	0	0	0	0	50	50
	Estimated Outlays	9	26	10	4	1	0	0	0	0	0	0	50	50
Sec. 3058.	National Child Traumatic Stress Network													
	Budget Authority	10	0	0	0	0	0	0	0	0	0	0	10	10
	Estimated Outlays	2	5	2	1	0	0	0	0	0	0	0	10	10
Sec. 3059.	Project Aware													
	Budget Authority	30	0	0	0	0	0	0	0	0	0	0	30	30
	Estimated Outlays	6	15	6	2	1	0	0	0	0	0	0	30	30

continued

Table 1. Estimated Budgetary Effects of Reconciliation Recommendations by the House Committee on Energy and Commerce on February 12, 2021 continued

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021-2030	2021-2031
Sec. 3059A Youth Suicide Prevention													
Budget Authority	20	0	0	0	0	0	0	0	0	0	0	20	20
Estimated Outlays	4	10	4	2	0	0	0	0	0	0	0	20	20
Sec. 3059B Behavioral Health Workforce													
Budget Authority	100	0	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	23	50	20	5	0	0	0	0	0	0	0	98	98
Chapter 6, Total													
Budget Authority	***3,880***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***3,880***	***3,880***
Estimated Outlays	***711***	***2,013***	***774***	***303***	***74***	***0***	***0***	***0***	***0***	***0***	***0***	***3,875***	***3,875***
Chapter 7 - Exchange Grant Program													
Sec. 3061. Exchange Modernization													
Budget Authority	20	0	0	0	0	0	0	0	0	0	0	20	20
Estimated Outlays	20	0	0	0	0	0	0	0	0	0	0	20	20
Subtitle A, Total													
Budget Authority	**92,164**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**92,164**	**92,164**
Outlays	**19,615**	**50,857**	**13,674**	**4,835**	**1,978**	**141**	**123**	**94**	**23**	**6**	**0**	**91,346**	**91,346**
Subtitle B. Medicaid													
Sec. 3101. Coverage of COVID-19 Vaccinations and Treatments													
Estimated Budget Authority	287	534	247	63	0	0	0	0	0	0	0	1,131	1,131
Estimated Outlays	287	534	247	63	0	0	0	0	0	0	0	1,131	1,131
Sec. 3102. Coverage for Pregnant and Postpartum Women (a, b)													
Estimated Budget Authority	0	0	756	1,249	1,417	1,429	1,108	0	0	0	0	5,959	5,959
Estimated Outlays	0	0	756	1,249	1,417	1,429	1,108	0	0	0	0	5,959	5,959
Sec. 3103. Medicaid for Inmates During 30-Day Period Preceding Release													
Estimated Budget Authority	0	177	444	683	918	1,014	510	0	0	0	0	3,746	3,746
Estimated Outlays	0	177	444	683	918	1,014	510	0	0	0	0	3,746	3,746
Sec. 3104. Bundled Community-Based Mobile Crisis Intervention													
Estimated Budget Authority	15	0	71	305	330	270	25	32	40	49	58	1,137	1,195
Estimated Outlays	0	5	77	307	332	270	25	32	40	49	58	1,137	1,195
Sec. 3105. Temporary Increase in FMAP for Expanding ACA Coverage													
Estimated Budget Authority	0	0	3,768	3,427	2,177	2,308	2,131	1,337	479	531	212	16,158	16,370
Estimated Outlays	0	0	3,768	3,427	2,177	2,308	2,131	1,337	479	531	212	16,158	16,370
Sec. 3106. 100% FMAP for Urban Indian Organziations and Native Hawaiian Health Care													
Estimated Budget Authority	38	81	43	0	0	0	0	0	0	0	0	162	162
Estimated Outlays	38	81	43	0	0	0	0	0	0	0	0	162	162
Sec. 3107. Sunset of Limit on Maximum Rebate for Certain Drugs													
Estimated Budget Authority	0	0	-217	-1,803	-2,293	-2,277	-2,258	-2,279	-2,318	-2,443	-2,573	-15,888	-18,461
Estimated Outlays	0	0	-217	-1,803	-2,293	-2,277	-2,258	-2,279	-2,318	-2,443	-2,573	-15,888	-18,461
Sec. 3108. Temporary Increase in FMAP for Expanding HCBS													
Estimated Budget Authority	4,795	4,515	0	0	0	0	0	0	0	0	0	9,310	9,310
Estimated Outlays	4,795	4,515	0	0	0	0	0	0	0	0	0	9,310	9,310
Sec. 3109. Strike Teams for Nursing Facilities													
Budget Authority	250	0	0	0	0	0	0	0	0	0	0	250	250
Estimated Outlays	50	175	25	0	0	0	0	0	0	0	0	250	250
Subtitle B, Total													
Budget Authority	**5,385**	**5,307**	**5,112**	**3,924**	**2,549**	**2,744**	**1,516**	**-910**	**-1,799**	**-1,863**	**-2,303**	**21,965**	**19,662**
Outlays	**5,170**	**5,487**	**5,143**	**3,926**	**2,551**	**2,744**	**1,516**	**-910**	**-1,799**	**-1,863**	**-2,303**	**21,965**	**19,662**
Subtitle C. Children's Health Insurance Program													
Sec. 3201. Coverage of COVID-19 Vaccinations and Treatments													
Budget Authority	0	47	17	4	0	0	0	0	0	0	0	68	68
Estimated Outlays	0	47	17	4	0	0	0	0	0	0	0	68	68
Sec. 3202. Coverage for Pregnant and Postpartum Women (a)													

continued

Table 1. Estimated Budgetary Effects of Reconciliation Recommendations by the House Committee on Energy and Commerce on February 12, 2021 continued

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021-2030	2021-2031
Subtitle D. Other Provisions													
Chapter 1 - Ensuring Environmental Health and Ratepayer Protection													
Sec. 3301. Pollution and Disparate Impacts of the Pandemic													
Budget Authority	100	0	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	10	60	20	10	0	0	0	0	0	0	0	100	100
Sec. 3302. LIHEAP													
Budget Authority	4,500	0	0	0	0	0	0	0	0	0	0	4,500	4,500
Estimated Outlays	1,508	1,727	467	422	188	188	0	0	0	0	0	4,500	4,500
Sec. 3303. Water Assistance Program													
Budget Authority	500	0	0	0	0	0	0	0	0	0	0	500	500
Estimated Outlays	50	225	150	50	25	0	0	0	0	0	0	500	500
Chapter 1, Total													
Budget Authority	***5,100***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***5,100***	***5,100***
Estimated Outlays	***1,568***	***2,012***	***637***	***482***	***213***	***188***	***0***	***0***	***0***	***0***	***0***	***5,100***	***5,100***
Chapter 2 - Distance Learning and Consumer Protections													
Sec. 3311. Consumer Product Safety													
Budget Authority	50	0	0	0	0	0	0	0	0	0	0	50	50
Estimated Outlays	4	6	8	10	9	8	2	1	0	0	0	48	48
Sec. 3312. Remote Learning Support													
Budget Authority	7,600	0	0	0	0	0	0	0	0	0	0	7,600	7,600
Estimated Outlays	1,140	3,800	1,900	760	0	0	0	0	0	0	0	7,600	7,600
Chapter 2, Total													
Budget Authority	***7,650***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***7,650***	***7,650***
Estimated Outlays	***1,144***	***3,806***	***1,908***	***770***	***9***	***8***	***2***	***1***	***0***	***0***	***0***	***7,648***	***7,648***
Chapter 3 - Oversight of Department of Commerce Prevention and Response to COVID-19													
Sec. 3321. Department of Commerce													
Budget Authority	3	0	0	0	0	0	0	0	0	0	0	3	3
Estimated Outlays	1	1	1	0	0	0	0	0	0	0	0	3	3
Subtitle D, Total													
Budget Authority	**12,753**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12,753**	**12,753**
Outlays	**2,713**	**5,819**	**2,546**	**1,252**	**222**	**196**	**2**	**1**	**0**	**0**	**0**	**12,751**	**12,751**
Total Increase in Direct Spending													
Estimated Budget Authority	**110,302**	**5,354**	**5,129**	**3,928**	**2,549**	**2,744**	**1,516**	**-910**	**-1,799**	**-1,863**	**-2,303**	**126,950**	**124,647**
Estimated Outlays	**27,498**	**62,210**	**21,380**	**10,017**	**4,751**	**3,081**	**1,641**	**-815**	**-1,776**	**-1,857**	**-2,303**	**126,130**	**123,827**
Increases in Revenues													
Sec. 3102. Coverage for Pregnant and Postpartum Women (a, b)	0	0	76	172	192	209	167	0	0	0	0	816	816
On-Budget Revenues	*0*	*0*	*43*	*98*	*109*	*119*	*95*	*0*	*0*	*0*	*0*	*464*	*464*
Off-Budget Revenues	*0*	*0*	*33*	*74*	*83*	*90*	*72*	*0*	*0*	*0*	*0*	*352*	*352*
Sec. 3105. Temporary Increase in FMAP for Expanding ACA Coverage	0	0	165	107	93	94	93	51	31	24	14	658	672
On-Budget Revenues	*0*	*0*	*96*	*63*	*55*	*58*	*60*	*33*	*20*	*15*	*9*	*400*	*409*
Off-Budget Revenues	*0*	*0*	*69*	*44*	*38*	*36*	*33*	*18*	*11*	*9*	*5*	*258*	*263*
Total Increase in Revenues	**0**	**0**	**241**	**279**	**285**	**303**	**260**	**51**	**31**	**24**	**14**	**1,474**	**1,488**
On-Budget Revenues	*0*	*0*	*139*	*161*	*164*	*177*	*155*	*33*	*20*	*15*	*9*	*864*	*873*
Off-Budget Revenues	*0*	*0*	*102*	*118*	*121*	*126*	*105*	*18*	*11*	*9*	*5*	*610*	*615*
Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues													
Estimated Effect on the Deficit	**27,498**	**62,210**	**21,139**	**9,738**	**4,466**	**2,778**	**1,381**	**-866**	**-1,807**	**-1,881**	**-2,317**	**124,656**	**122,339**
On-Budget Deficits	*27,498*	*62,210*	*21,241*	*9,856*	*4,587*	*2,904*	*1,486*	*-848*	*-1,796*	*-1,872*	*-2,312*	*125,266*	*122,954*
Offf-Budget Deficit	*0*	*0*	*-102*	*-118*	*-121*	*-126*	*-105*	*-18*	*-11*	*-9*	*-5*	*-610*	*-615*

Components may not sum to totals because of rounding.

ACA = Affordable Care Act. CDC = Centers for Disease Control and Prevention. FMAP = federal medical assistance percentage. HCBS = home and community-based services. HHS = Department of Health and Human Services. LIHEAP = Low-Income Home Energy Assistance Program.

a. Section would affect both revenues and spending, which is shown separately.

b. The estimate for section 3102 includes the budgetary effects of sections 3202.