



MEMORANDUM

TO: WSC Clients

FROM: Washington Strategic Consulting, Inc.

DATE: May 24, 2017

RE: Updated CBO Score on the American Health Care Act

This afternoon, the Congressional Budget Office (CBO) released its updated cost estimate for the House-passed version of the American Health Care Act (AHCA). The new score reflects several last-minute amendments added by House Republicans to secure enough votes for the bill's passage on May 4.

Summary of 5/24 CBO score:

Effects on the Federal Budget

- The AHCA would reduce direct spending by \$1.1 trillion and reduce revenues by \$992 billion, for a net reduction of \$119 billion in the deficit over that period.
- The largest savings would come from reductions in outlays for Medicaid and from the replacement of the ACA's marketplace subsidies.
- The largest increases in the deficit would come from repealing or modifying tax provisions in the ACA that are not directly related to health insurance coverage.

Effects on Health Insurance Coverage

- In 2018, 14 million more people would be uninsured under the AHCA than under current law.
- The increase in the number of uninsured people relative to the number projected under current law would reach 19 million in 2020 and 23 million in 2026.
- In 2026, an estimated 51 million people under age 65 would be uninsured, compared with 28 million who would lack insurance that year under current law.

Stability of the Health Insurance Market

- Nongroup insurance markets would continue to be stable in many parts of the country in 2020 and beyond.
- About one-sixth of the population resides in areas in which the nongroup market would start to become unstable beginning in 2020 due to decisions by some states to waive the ACA's EHB requirement and medical underwriting provisions.

The House has been waiting on the updated CBO score to send the bill over to the Senate. Due to instructions from an earlier budget resolution, the AHCA must reduce the deficit by \$1 billion over 10 years in each of the two Senate committees working on the bill. With today's updated score showing a net reduction of \$119 billion, the Senate should now be free to move forward with its own version of the bill.