



The Daily Dish

Eakinomics: The Price of Downsizing BBB

DOUGLAS HOLTZ-EAKIN | NOVEMBER 1, 2021

This past week the president [unveiled](#) the Build Back Better Framework (BBBF), the latest step in the House-Senate-Administration negotiations on reconciliation legislation to implement the president's campaign promises. The BBBF included a significant revision to the health care provisions, which lowered the top-line cost, but increased cost per covered life.

The House bill that passed out of committees contained provisions to make permanent the enhanced individual market subsidies established for 2021 and 2022 by the American Rescue Plan Act of 2021, close the Affordable Care Act's Medicaid expansion coverage gap, extend the enhanced subsidies of the Biden Administration's recent rulemaking allowing for year-round open enrollment for those at or below 150 percent of the federal poverty level, provide new reinsurance funding in the individual market, and expand Medicare fee-for-service to cover vision, dental, and hearing services.

In its [analysis](#) of the proposals, the Center for Health and Economy at AAF concluded that these provisions "would reduce the uninsured population by 7 million in 2031 relative to current law, but would have a net cost to the taxpayer of \$831 billion between 2022 and 2031."

The BBBF is considerably narrower. It would extend through 2025 the enhanced premium tax credits for individual market coverage, and also provide through 2025 subsidized individual market insurance to the eligible Medicaid coverage gap population in non-expansion states. This cuts the overall cost to \$272 billion, but also lowers to 3.9 million the ultimate rise in coverage.

But the choices made in the BBBF are pricey on a per-person basis. The table (below) shows that overall the cost per enrollee is now \$20,790, well above the \$15,741 in the House BBB

legislation. This per-person cost increase stems from focusing on the relatively expensive individual market at the expense of Medicaid expansion coverage.

	Cost per Beneficiary	
	BBBF	BBB
Individual	\$14,253	\$10,902
Medicaid in Individual Market	\$23,981	\$23,528
Medicaid	n/a	\$17,282
Total	\$20,790	\$15,741

Since there is no pretense that the authors of BBBF are content to have these coverages lapse in 2026, this makes it a relatively expensive bridge to an unknown future (see [Holt and Parente](#) for a discussion of the “cliff” created by BBBF).