



The Daily Dish

The CBO Weighs in (Sort of) on Graham-Cassidy

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 26, 2017

Eakinomics: The CBO Weighs in (Sort of) on Graham-Cassidy

Last night, the Congressional Budget Office (CBO) released a [preliminary analysis](#) of the Graham-Cassidy (GC) proposal — the (seemingly) last gasp Republican effort to “repeal and replace” the Affordable Care Act (ACA). The bottom line? The CBO blesses the notion that the GC proposal saves enough to satisfy the reconciliation instruction. But it does so only in a qualitative fashion: “In the short time available, rather than provide the point estimates that are typical in such analyses, the agencies have been able to assess only whether any reductions in the deficit stemming from the legislation as a whole (and from its two titles individually) would exceed certain thresholds and to qualitatively assess its effects on health insurance coverage and market stability.”

More importantly, the analysis states “CBO and JCT would need at least several weeks to provide point estimates of the effects on the deficit, health insurance coverage, and premiums.” In short, CBO cannot provide the analysis before the September 30 deadline imposed by the expiration of the 2017 budget resolution special privileges accorded health care reform. That means reform is dead, something confirmed by the announcement by Senator Collins that she opposes the bill.

Beyond the numbers, there are two interesting features of the CBO report. First, it is already overcome by events. It appears that as CBO was working to score the bill, the authors became aware that it would not produce enough votes. Accordingly, the bill has already been modified beyond the analyzed version. If there is to be a vote in the Senate — and that seems a stretch — CBO will have to provide an updated score for the revised bill that shows it is in compliance with the requirements of reconciliation.

The second interesting feature is the information on coverage or premiums for health insurance. Indeed, it was the anticipated absence of this analysis that led some to label the CBO analysis as “preliminary” or “incomplete.” To me, that seemed a bit much. After all, unlike other recent efforts this bill does not contain a tax-based subsidy for purchases in the individual market. Accordingly, there was no reason for the CBO to estimate premiums on insurance policies; no reason to see how these premiums would lead to coverage; and, thus; no need to see how those coverage numbers translate into federal spending. Instead, the bill specifies the dollars that each state will get according to a formula. This relieves CBO of the need to do the coverage and premium estimates and further means that they need not be released as “supplementary” information. Nevertheless, CBO did conclude that “millions” fewer would be covered.

The repeal and replace effort in 2017 was probably finished anyway, but the CBO analysis is a further nail in that coffin.