

June 22, 2017

Keith Hall, Director
Congressional Budget Office
U.S. Congress
Washington, DC 20515

Dear Director Hall,

It is critical that Senators completely understand legislation and its impact prior to casting a vote. This is especially important for legislation that makes sweeping changes to major health care programs. The Better Care Reconciliation Act of 2017 (BCRA) would drastically change the financing of the Medicaid program, transforming the program from an entitlement to a capped program, often referred to as a “per-capita cap.” Under BCRA, states are subject to the cap starting in 2020. However, beginning in 2025, the growth rate of the cap is ratcheted down even further. This out-year change is especially pertinent given the aging baby boomer population and Medicaid’s role in serving seniors with long-term care needs.

Medicaid helps to finance care for over 60 percent of residents in nursing homes. In addition, older individuals, such as people 85 and older are much more likely to need long-term care. According to estimates, Medicaid costs for those over 85 are on average 250% higher than for individuals between ages 65 and 74. At present, older Americans, those age 65 years and older, represent about one in every seven Americans. That number expected to grow to over one in four by 2040. Within this older population, the US is also seeing an increase in the number of individuals living into old age with a fifty-fold increase in those age 85 years or older since 1990.

The current budget window that CBO will score BCRA against begins in 2017 and ends in 2026. Unfortunately, due to the structure of BCRA, CBO’s traditional ten year cost estimate will not fully reflect the impact of this dramatic change to Medicaid. As a result, Senators and the public will not have all the information they need to assess the full impact of the proposed change.

Therefore, I ask that, along with your traditional cost-estimate, you provide an analysis of the impact of Medicaid spending in the decade immediately following the current budget window and if possible, the decade after that as well. Specifically, please provide the changes in total Medicaid spending, in terms of dollar amounts and as a percentage change, compared to current law for the 10 years after the current budget window.

This type of analysis has been provided by CBO in the past for major health care legislation. A December 19, 2009 letter from Director Elmendorf to Majority Leader Harry Reid provided a cost-estimate of the Patient Protection and Affordable Care Act (PPACA) just prior to Senate

consideration of PPACA¹. In that estimate, CBO provided substantial information about the “effects of the legislation beyond the first 10 years.” A subsequent letter to Speaker Nancy Pelosi on March 20, 2010 contained CBO’s cost estimate of the Health Care and Education Reconciliation Act of 2010 (which amended PPACA and together is commonly referred to as the Affordable Care Act (ACA))². This cost estimate also provided substantial information regarding the “effects of the legislation beyond the first 10 years.” In order to ensure Senators fully understand the impact of changes BCRA makes to Medicaid this same type of analysis is critical.

Thank you for your prompt attention to this matter. If you have any questions please reach out to Liz Jurinka on my staff.

Sincerely,



Ron Wyden
Ranking Member
U.S. Senate Finance Committee

¹ <https://www.cbo.gov/sites/default/files/111th-congress-2009-2010/costestimate/41877-reid-letter.pdf>

² <https://www.cbo.gov/sites/default/files/111th-congress-2009-2010/costestimate/amendreconprop.pdf>