



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 2, 2011

H.R. 1173 **Fiscal Responsibility and Retirement Security Act of 2011**

*As ordered reported by the House Committee on Energy and Commerce
on November 30, 2011*

SUMMARY

H.R. 1173 would repeal title VIII of the Patient Protection and Affordable Care Act (PPACA). That title of the PPACA established the Community Living Assistance Services and Supports (CLASS) Program—a national, voluntary long-term care insurance program for purchasing community living assistance services and supports. Title VIII also authorized and appropriated funding through 2015 for the National Clearinghouse for Long-Term Care Information (clearinghouse). H.R. 1173 would replace those appropriated funds for the clearinghouse for 2013 through 2015 with funding subject to future appropriation actions.

CBO estimates that enacting H.R. 1173 would reduce direct spending by \$9 million over the 2012-2016 and 2012-2021 periods. H.R. 1173 also would increase spending subject to future appropriation by \$9 million over the same periods. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting H.R. 1173 would have no impact on federal revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1173 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars										2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	-3	-3	-3	0	0	0	0	0	0	-9	-9
Estimated Outlays	0	-3	-3	-3	0	0	0	0	0	0	-9	-9
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	0	3	3	3	0	0	0	0	0	0	9	9
Estimated Outlays	0	3	3	3	0	0	0	0	0	0	9	9

BASIS OF ESTIMATE

In its March 2011 baseline projections, CBO anticipated that the CLASS program would begin collecting premiums in fiscal year 2012 and that net receipts of the program over the 2012-2021 period would amount to \$81 billion, not including estimated Medicaid savings of \$2 billion. On October 14, 2011, the Secretary of the Department of Health and Human Services announced that she did not “see a viable path forward for CLASS implementation at this time.”¹ CBO considers that announcement to be definitive new information and as a result, in its next baseline projections (which will be issued in January), CBO will assume that CLASS will not be implemented unless there are changes in law or other actions by the Administration that would supersede the Secretary’s announcement. Further, legislation to repeal the provisions of law establishing the CLASS program are now estimated as having no budgetary effect relative to current law.

However, the Secretary’s announcement does not affect use of the funds authorized and appropriated for the clearinghouse. Therefore, the replacement of these appropriated funds for the clearinghouse for 2013 through 2015 with funding subject to future appropriation actions would have a budgetary effect of reducing direct spending by \$9 million and subsequently increasing spending subject to appropriation by \$9 million over the 2012-2021 period.

1. Letter from Kathleen Sebelius, Secretary of the Department of Health and Human Services, to John A. Boehner, Speaker, House of Representatives, October 14, 2011.

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 that are subject to those pay-as-you-go procedures are shown in the following table. Enacting H.R. 1173 would have no impact on federal revenues.

CBO Estimate of Pay-As-You-Go Effects for H.R. 1173, as ordered reported by the House Committee on Energy and Commerce on November 30, 2011

	By Fiscal Year, in Millions of Dollars										2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
NET DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	-3	-3	-3	0	0	0	0	0	0	-9	-9

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1173 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On October 31, 2011, CBO transmitted a letter to Senator John Thune providing a cost estimate for S. 720, the Repeal the CLASS Entitlement Act, as introduced in the Senate on April 4, 2011. H.R. 1173 is similar to S. 720. Both bills would have no budgetary effect over the 2012–2021 period for provisions repealing the CLASS program. Both bills, however, would reduce direct spending by \$9 million over the 2012–2021 period as a result of rescinding appropriated funding for the National Clearinghouse for Long-Term Care Information. Due to an error on CBO’s part, the savings of \$9 million over the 2012–2021 period attributed to rescinding appropriated funding for the clearinghouse were not included in the October 31 letter to Senator Thune. H.R. 1173 would replace that appropriated funding with an authorization for future appropriations of similar amounts for the clearinghouse, but S. 720 would not.

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