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July 12, 2011

Director Douglas W. Elmendorf
Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515-6925

Dear Dr. Elmendorf:

Reports on June 21, 2011 have suggested that due to unforeseen changes in the law made by the Patient Protection and Affordable Care Act of 2010 (PPACA), around 3 million more people than anticipated will become eligible for Medicaid starting in 2014. This is specifically caused by a previously unnoticed adjustment in the definition of income, which will no longer include Social Security income. The merits of redefining "income," particularly in an environment where many states are struggling to afford their Medicaid obligations, can be debated. Nevertheless, this revelation demonstrates once again that Congress was not operating with all of the information needed during the health reform debate, and that the unpredictable effects of PPACA continue to confound predictive models.

As you know, PPACA was an extremely large bill, both in size and scope, and in spending. This legislation will have a profound effect on the economy, on the health insurance coverage Americans enjoy, and on outlook for jobs and employment. As Congress moves forward on addressing these issues, and reevaluating the strengths and weaknesses of PPACA, we must have the best possible information relating to this new public law.

As such, it is critical that the shroud of secrecy surrounding the Congressional Budget Office (CBO) estimates and projections be lifted, so that members of Congress, the public, policy experts and economists can begin doing independent analyses and reexamining the models CBO used. Therefore, I request that CBO provide the following:

- 1) A full list of source material, expert analyses, studies, reports, and other supporting documents that CBO used in developing scores or estimates relating to PPACA and the Health Care and Education Reconciliation Act (HCERA).
- 2) The methodology, formulas, flows, elasticities, and ranges CBO used in developing estimates for PPACA and HCERA.
- 3) A full explanation of the underlying assumptions CBO used concerning:
 - o Employers' sensitivity to price and market conditions when considering whether to offer coverage or not;

- Individuals' sensitivity to price and market conditions when deciding whether or not to comply with the individual mandate;
 - Economic assumptions relating to worker compensation and federal revenue effects thereof;
 - Overall health care costs in the private and public sectors, the growth of these costs, and related assumptions; and
 - The costs of exchange subsidies, including numbers of individuals accessing these subsidies who do and do not have offers of employer sponsored insurance, and the penalties on employers levied due to this.
- 4) The full range of assumptions relating to the effects of changes in Medicare and Medicaid provider compensation and regulation.
 - 5) Assumptions concerning market consolidation and entrance/exit of insurers, as well as provider consolidation, and the related effects on medical service and insurance policy prices relating to this.
 - 6) Assumptions related to the effects on insurance costs of all new insurance rules such as guaranteed issue, modified community rating, etc.
 - 7) All assumptions, projections, and estimates related to the CLASS Act, its financing, and its short- and long-term solvency.

This list is not comprehensive; based on the information CBO provides in response to this inquiry, an independent expert should have the information available to recreate CBO's published estimates relating to the costs, coverage, and revenue effects of PPACA and HCERA. Only with the same information that CBO used can outside organizations fully interpret CBO's published reports, find and correct errors, or raise possible (and supportable) competing estimates.

Thank you for your cooperation and attention to this matter. We would appreciate a response by July 26, 2011. Please contact James Gelfand on Ranking Member Snowe's staff at 202-224-7884 with any questions.

Sincerely,



Olympia J. Snowe
Ranking Member