



September 22, 2005

Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has estimated the effect on direct spending and revenues of an amendment in the nature of a substitute to S. 1716, the Emergency Health Care Relief Act of 2005, version ERN05801.LC.

The bill would provide assistance to survivors of Hurricane Katrina by modifying eligibility rules and payment formulas for the Medicaid, TANF, and unemployment compensation programs, and by establishing a disaster relief fund to pay for health care services and health insurance. CBO estimates that the bill would increase direct spending by \$7.5 billion in 2006 and by \$8.9 billion over the 2006-2010 and 2006-2015 periods (see enclosed table). The bill would have no effect on federal revenues in 2006, and would increase revenues by \$12 million over the 2006-2010 period and \$15 million over the 2006-2015 period. This estimate is preliminary pending a detailed review of the legislative language.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are: Jeanne De Sa and Eric Rollins (for health programs), who can be reached at 226-9010; and Sheila Dacey (for TANF) and Christi Hawley Sadoti (unemployment compensation), who can be reached at 226-2820.

Sincerely,

Douglas Holtz-Eakin

Enclosure

cc: Honorable Max Baucus
Ranking Member

Preliminary CBO Estimate of S. 1716, the Emergency Health Care Relief Act of 2005

(Millions of Dollars, by Fiscal Year)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2005-10	2005-15
Changes in Direct Spending													
Title I: Emergency Health Care Relief													
Disaster Relief Medicaid													
Estimated Budget Authority	0	1,565	50	0	0	0	0	0	0	0	0	1,615	1,615
Estimated Outlays	0	1,565	50	0	0	0	0	0	0	0	0	1,615	1,615
100% FMAP for LA, MS, and AL													
Estimated Budget Authority	0	3,684	1,136	*	13	6	*	*	*	*	*	4,839	4,840
Estimated Outlays	0	3,730	1,150	*	-12	-6	*	*	*	*	*	4,862	4,862
FMAP Increases for Other States													
Estimated Budget Authority	0	672	28	1	*	1	*	*	*	*	*	703	704
Estimated Outlays	0	682	26	-1	*	-1	*	*	*	*	*	706	705
Waive Medicare Late Enrollment Penalty													
Estimated Budget Authority	0	*	*	*	*	*	*	*	*	*	*	1	3
Estimated Outlays	0	*	*	*	*	*	*	*	*	*	*	1	3
Medicare Payments for Bad Debt													
Estimated Budget Authority	0	5	30	0	0	0	0	0	0	0	0	35	35
Estimated Outlays	0	5	30	0	0	0	0	0	0	0	0	35	35
Disaster Relief Fund													
Budget Authority	800	0	0	0	0	0	0	0	0	0	0	800	800
Estimated Outlays	0	800	0	0	0	0	0	0	0	0	0	800	800
Subtotal -- Title I													
Estimated Budget Authority	800	5,912	1,245	2	13	7	1	1	1	*	*	7,979	7,982
Estimated Outlays	0	6,768	1,256	-1	-12	-6	*	*	*	*	*	8,004	8,005

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Title II: TANF Relief

Contingency Funds for Host States													
Estimated Budget Authority	70	130	0	0	0	0	0	0	0	0	0	200	200
Estimated Outlays	*	180	20	0	0	0	0	0	0	0	0	200	200
Contingency Funds for Direct Impact States													
Estimated Budget Authority	86	155	0	0	0	0	0	0	0	0	0	241	241
Estimated Outlays	*	145	72	24	0	0	0	0	0	0	0	241	241
Increase Loan Limit for Direct Impact States													
Estimated Budget Authority	69	0	0	0	0	0	0	0	0	0	0	69	69
Estimated Outlays	*	42	21	6	0	0	0	0	0	0	0	69	69
Waive Child Support Assignment Rules													
Estimated Budget Authority	0	3	0	0	0	0	0	0	0	0	0	3	3
Estimated Outlays	0	3	0	0	0	0	0	0	0	0	0	3	3
Subtotal -- Title II													
Estimated Budget Authority	225	288	0	0	0	0	0	0	0	0	0	513	513
Estimated Outlays	*	370	113	30	0	0	0	0	0	0	0	513	513

Title III: Temporary Extended Unemployment Compensation

Unemployment Compensation													
Estimated Budget Authority	0	385	0	0	0	0	0	0	0	0	0	385	385
Estimated Outlays	0	385	0	0	0	0	0	0	0	0	0	385	385

Title IV: Miscellaneous Provisions

Oversight Funding for Inspector General													
Budget Authority	5	0	0	0	0	0	0	0	0	0	0	5	5
Estimated Outlays	0	4	1	0	0	0	0	0	0	0	0	5	5
Total Changes in Direct Spending													
Estimated Budget Authority	1,030	6,584	1,245	2	13	7	1	1	1	*	*	8,881	8,884
Estimated Outlays	*	7,527	1,370	29	-12	-6	*	*	*	*	*	8,907	8,908

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	Changes in Revenues												
State Employment Taxes	0	0	3	4	3	2	2	1	0	0	0	12	15
	Net Effect on Deficit												
Total Changes Under S. 1716	*	7,527	1,367	25	-15	-9	-2	-2	*	*	*	8,895	8,893

Notes:

1. This estimate is based on the amendment in the nature of a substitute (legislative language ERN05801, dated September 22, 2005).
2. This estimate assumes that the bill will be enacted before October 1, 2005. Estimated outlays would not differ significantly if the bill is not enacted until mid-October.
3. FMAP = federal medical assistance percentage; TANF = Temporary Assistance for Needy Families.

* = Costs or savings of less than \$500,000.
