CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 17, 2016

H.R. 5445
Health Care Security Act of 2016

As ordered reported by the House Committee on Ways and Means on June 15, 2016

H.R. 5445 would amend the Internal Revenue code to modify the rules regarding contributions to and treatment of distributions from Health Savings Accounts (HSAs), which are tax-favored accounts that individuals with high-deductible health plans can use to fund certain health expenses. The bill would raise the maximum basic contribution limit to an HSA to equal the sum of the annual deductible and out-of-pocket expenses permitted under a high deductible health plan—almost doubling the limit allowed under current law. Also, under current law, spouses must allocate the entire amount of their catch-up contributions to their own HSA, but the bill would allow spouses to divide up their combined catch-up contributions between both of their HSAs. Lastly, under current law, distributions from HSAs for qualified medical expenses are only excluded from gross income if the expense was incurred after the establishment of the HSA. The bill would allow distributions to be excluded from gross income if the associated medical expenses were incurred within a 60-day period between the individual gaining coverage under a high deductible plan and establishing the HSA.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 5445 would reduce revenues by about $20.5 billion over the 2017-2026 period. Of that reduction, about $4.8 billion would result from changes in off-budget revenues (from Social Security payroll taxes).

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting revenues or direct spending. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table. Only on-budget changes to revenues and direct spending are subject to pay-as-you-go procedures.

CBO Estimate Of Pay-As-You-Go Effects for H.R. 5445, as ordered reported by the House Committee on Ways and Means on June 15, 2016.

	By Fiscal Year, in Millions of Dollars											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2021	2017-2026
NET INCREASE IN THE ON-BUDGET DEFICIT												
Statutory Pay-As-You-Go Effects	709	1,089	1,230	1,375	1,523	1,673	1,819	1,959	2,107	2,264	5,929	15,748
Memorandum: *Change in Off-Budget Revenues*[a]	-213	-332	-373	-417	-462	-506	-550	-593	-636	-684	-1,795	-4,766

Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to total because of rounding.

a. Negative numbers indicate a reduction in revenues.

CBO and JCT estimate that enacting the bill would increase on-budget deficits by more than $5 billion in at least one of the four 10-year periods beginning in 2027.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Peter Huether. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.