

United States Senate

WASHINGTON, DC 20510

February 8th, 2012

Douglas Elmendorf, Ph.D.
Director
Congressional Budget Office
Ford House Office Building
Second & D Streets, S.W.
Washington, DC 20515-6925

Dear Dr. Elmendorf,

When you testified before the Senate Budget Committee on November 15, 2011, we discussed the Congressional Budget Office ("CBO") estimate of how many Americans will be dropped from employer-sponsored health insurance as a result of the Patient Protection and Affordable Care Act ("PPACA"). This is a key estimate in determining the true cost of PPACA.

You acknowledged CBO's willingness to reassess and revise its estimates when there is compelling evidence to do so. During a meeting in my office on December 8, 2011, you repeated this commitment and acknowledged that a number of national surveys of employers regarding this topic might provide that evidence.

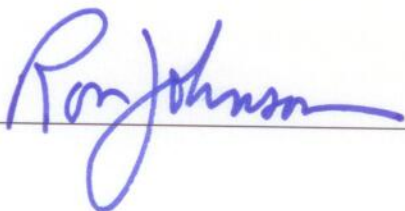
CBO's staff has confirmed that you are actively reviewing this estimate and will provide your conclusion to Congress shortly after the President presents his FY2013 Budget.

The purpose of this letter is to encourage CBO to go beyond a purely economic analysis of the decision matrix facing employers. That analysis has already been performed by former CBO Director Douglas Holtz-Eakin. His analysis showed 35 million Americans for whom both employer and employee would find it financially beneficial to drop employer-sponsored care and obtain coverage and subsidies through PPACA's health exchanges. He estimated the additional cost of this would be nearly \$1 trillion between 2014 and 2019.

For many, if not most employers, the decision to drop or retain coverage will not be the result of a perfect economic analysis. It is more likely to rely on a very linear choice between two alternatives: (1) the employer incurring the \$15,000 annual cost of family coverage, or (2) the employer paying the \$2,000 fine and thereby making their employees eligible for many thousands of dollars in subsidies through the exchanges. That decision is likely to be a simple one for many businesses, especially in this troubled economy.

As you see by the signatures of Republican members of the Senate attached to this letter, I am not alone in my conclusion that CBO's original estimate of the cost of exchange subsidies has been grossly understated. We collectively urge CBO to revise its original estimate to reflect the true cost of PPACA so that the American public is properly informed.

Sincerely,



A handwritten signature in blue ink that reads "Ron Johnson".



A handwritten signature in blue ink that reads "Paul Ryan".

Michael B. Enzi

Jon Kyl

Dan Coats

Jon Kyl

John Barrasso

Jon Kyl

Liz Cheney

Phad Cochran

Kelly Ayotte

Kay Bailey Hutchison

Sally Chaddler

Chuck Grassley

John Dorgan

Mike Lee

John Thune

Rand Paul

Tom Geer

Ernie Hatch

Rob Portman

Phil McCune

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Ray Blunt

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Bourke

W. L. Cooney

Pat Rooney

Dean Heller

John Hannon

James R.

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