



May 8, 2018

Honorable Kevin McCarthy
Majority Leader
U.S. House of Representatives
Washington, DC 20515

Re: Proposed Rescissions for the Children's Health Insurance Program

Dear Mr. Leader:

At your staff's request, the Congressional Budget Office has reviewed the Administration's proposed rescissions R18-15 and R18-17 for the Children's Health Insurance Program (CHIP) that were transmitted to the Congress on May 8, 2018.¹ The proposals would rescind approximately \$7 billion. Of this, \$5.1 billion would be rescinded from the unobligated balances made available by section 301(b)(3) of Public Law 114-10, and \$1.9 billion would be rescinded from amounts made available for fiscal year 2018 under the Child Enrollment Contingency Fund, section 2104(n)(2) of the Social Security Act.

Specifically, you asked for our assessment of the proposed rescissions' effect on federal spending and insurance coverage. Authority to distribute the funds to states made available under section 301(b)(3) expired in 2017. In addition, based on information from the Centers for Medicare and Medicaid Services, CBO projects that the rescission from the Child Enrollment Contingency Fund would not affect payments to states over the 2018-2028 period. For these reasons, CBO estimates that rescinding the unobligated balances would reduce budget authority by \$7 billion, but would not affect outlays, or the number of individuals with insurance coverage.

1. See www.whitehouse.gov/wp-content/uploads/2018/05/POTUS-Rescission-Transmittal-Package-5.8.2018.pdf

Honorable Kevin McCarthy
Page 2

I hope this information is helpful to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall
Director

cc: Honorable Nancy Pelosi
Democratic Leader