

Dear Director Elmendorf:

On July 2, 2013, the Obama Administration announced it would delay the reporting requirements under Sections 6055 and 6056 of the Internal Revenue Code (IRC) that apply to employers and insurers for one year as a result of the Patient Protection and Affordable Care Act (PPACA). It also announced that during this delay, penalties under Section 4980H of the IRC would not be assessed on employers who fail to meet the law's mandate to offer insurance.

The Administration's decision to delay the employer and insurer reporting requirements will certainly change the budgetary effects of PPACA. While it is clear there will be an immediate loss of revenue from employer fines and penalties as a result of the mandate's delay, there are many unanswered questions about how the delay will affect insurance options available to individuals, the subsidies provided to those who purchase health insurance on the new health insurance exchanges, the impact on employer-sponsored coverage, and Medicaid spending. The delay also raises serious concerns about the long-run feasibility of the employer mandate and the law's burden on employers.

To help Congress evaluate the complete impact of the Administration's action to delay enforcement of the mandatory employer and insurer reporting requirements, we are writing to request that the Congressional Budget Office, in consultation with the Joint Committee on Taxation, provide estimates of the announcement's full budgetary effect—including outlays, revenues, and the federal deficit—of the provisions as the Administration intends to implement them. We also request estimates of changes to insurance coverage, including the extent to which there is a substitution effect as a result of coverage offered through PPACA, especially as it relates to employer-sponsored and retiree coverage. Finally, please estimate the budgetary effects of a scenario where the Administration chooses to never implement the employer mandate and insurer reporting requirements.

Thank you for your continued work on behalf of Congress and for the timely consideration of this critical matter.

Very truly yours,

Paul Ryan, Chairman

Committee on the Budget

United States House of Representatives

Jeff Sessions, Ranking Member

Committee on the Budget

United States Senate

Dave Camp, Chairman

Committee on Ways and Means

United States House of Representatives

Orrin Hatch, Ranking Member

Committee on Finance

United States Senate

Fred Upton, Chairman

Committee on Energy and Commerce

United States House of Representatives

Lamar Alexander, Ranking Member

Committee on Health, Education, Labor and Pensions

United States Senate

John Kline, Chairman

Committee on Education and the Workforce

United States House of Representatives

cc: Joint Committee on Taxation