

**Congress of the United States**  
**Washington, DC 20515**

January 11, 2021

Phillip Swagel, Ph.D.  
Director  
Congressional Budget Office  
402 Ford House Office Building  
Washington, DC 20515

Dear Dr. Swagel:

The Affordable Care Act (ACA) has been a lifeline for millions of Americans during the COVID-19 pandemic. The Congressional Budget Office's latest [projections](#) suggest that Medicaid and Marketplace enrollment in 2020 will be higher than previously expected, as Americans who lost their job and employer-sponsored insurance due to the pandemic seek necessary coverage. Because of the ACA, unemployed Americans have options that did not exist during the last recession. The ACA also allowed states to expand Medicaid to all adults earning less than 138 percent of the federal poverty level (FPL). So far, 38 states and the District of Columbia have opted to expand. However, more than two million Americans fall within the [coverage gap](#); meaning that they live in states that have not expanded Medicaid and do not earn enough to qualify for Marketplace subsidies. Millions more struggle with high premiums, deductibles, and out-of-pocket costs, partially due to efforts by the Trump Administration to sabotage the ACA.

Members of Congress are working to expand access and improve the affordability of quality health insurance for all Americans through a variety of approaches. One such proposal is a federally administered nongroup plan that would be available as an alternative to private insurance plans, sometimes called a public option. The public option would be available for purchase on Marketplaces, and the ACA's premium tax credits and cost-sharing reductions could be used to subsidize the cost.

Therefore, I request that CBO produce a report that identifies the key characteristics of a public option and identifies design considerations. It should examine how these design considerations affect enrollment in the program and health care affordability for consumers (both program participants and non-participants). The report should also address the possibility of offering a public option to people with employer-sponsored insurance so they can make the choice that's best for them and their family. Where possible, the report should cite examples of these alternative designs in proposed legislation.

I understand the discussion of design considerations would not be specific enough for CBO to provide quantitative estimates of various proposals. However, to the extent feasible, the report should provide a qualitative assessment of the implications of various design options for federal outlays and revenues, the premiums of the public option, the premiums of other private insurance plans, and the number of uninsured Americans. The discussion of implications for coverage

should differentiate between individuals who are currently eligible for Marketplace subsidies and individuals who are not.

Relatedly, Members of Congress are also exploring alternative public option designs that would allow people who are not currently eligible for Medicare or Medicaid programs to “buy-in” to those programs. I request that CBO prepare a similar report analyzing the key design considerations and policy implications of Medicare and Medicaid buy-ins. If appropriate, this analysis could be reported separately from the analysis of the public option requested above.

The staff contact for this request is Emily King, who can be reached at 202-226-7200.

Sincerely,

John Yarmuth