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## United States Senate

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October 3, 2018

The Honorable Keith Hall  
Director  
Congressional Budget Office  
Ford House Office Building, 4th Floor  
Second and D Streets, SW  
Washington, D.C. 20515-6925

Dear Director Hall:

We are writing in regards to the work that the Congressional Budget Office (CBO) is currently undertaking to update its health insurance simulation model (HISIM), and to provide recommendations to foster greater transparency. We understand the complexity of the effort to build a new model that produces more accurate estimates of health insurance coverage and premiums for use in generating future baselines and cost estimates. We also recognize the considerable amount of time and resources this will require in the months ahead and greatly appreciate your work to improve the agency's modeling accuracy.

According to a recent CBO presentation, as well as your testimony last month before the Senate Budget Committee, the agency's work on this new model, known as HISIM2, is in the development-and-testing phase. You have indicated the agency plans to utilize the new model in the spring of 2019 and will rely on the current HISIM model as the point of reference for the testing and validation of HISIM2. We also understand that CBO plans to release a study produced by its new technical review panel along with supporting documentation for HISIM2 next spring – after the new model has already replaced the current HISIM model.

We strongly encourage CBO to release details of its new model to the public prior to its use next spring. This would allow for a more extensive peer-review process before its adoption, which is consistent with your goal of fostering greater transparency of the agency's models and its work. In order to ensure that HISIM2 is thoroughly tested and validated, we request that CBO publish detailed information about the new model's specifications (including the specific data it relies on, a description of the estimation methods, and a full explanation of key assumptions within the model), as well as any computer code, before the new model is adopted. In addition to soliciting feedback from the agency's technical review panel, we recommend CBO establish a process for broader external validation of HISIM2 by the public prior to putting the new model to use next spring.

Finally, we believe CBO should consider re-estimating federal spending and coverage under the Affordable Care Act using HISIM2 to determine whether the agency's estimates would have been closer to the actual, observed amounts since its enactment. This type of real-world testing not only could serve to validate the model but would help further the goal of developing a new model that is capable of producing more accurate estimates for Members of Congress and the public.

We ask that CBO provide the Senate Budget Committee with a status update on its work later this fall. We appreciate all the work that CBO does on behalf of Congress and the public, and we trust that the agency will be responsive to these requests.

Sincerely,



Michael B. Enzi  
U.S. Senator



Charles E. Grassley  
U.S. Senator



Mike Crapo  
U.S. Senator



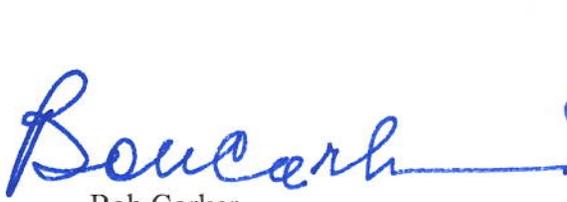
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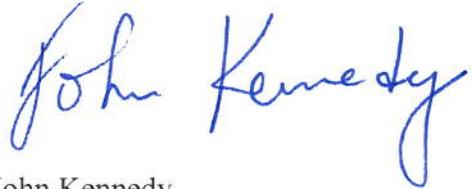
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