



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 25, 1999

S. 704

Federal Prisoner Health Care Copayment Act of 1999

As reported by the Senate Committee on the Judiciary on April 29, 1999

SUMMARY

Enacting S. 704 would permit the Bureau of Prisons (BOP) to assess and collect a fee, in an amount of not less than \$2, for each health care visit initiated by a prisoner (excluding those for preventative health care services). Fees collected from prisoners who are subject to an order of restitution would be paid to victims. Of the remaining fees, 75 percent would be deposited into the Crime Victims Fund and 25 percent would be available to the Attorney General for spending on administrative expenses incurred in carrying out the copayment program.

CBO estimates that the imposition of such fees would result in a net savings of less than \$5 million annually in health care costs for federal prisoners over the 2000-2004 period, assuming that future appropriations are reduced to reflect the lower costs. Also, we estimate that the proposed health care copayment would generate about \$1 million in offsetting receipts each year and that such collections would be available for spending immediately without appropriation action. CBO expects that there could be a lag between the collection and the spending of such receipts, but we estimate that the net change in direct spending would be less than \$500,000 a year. Because enacting this bill would affect direct spending, pay-as-you-go procedures would apply.

S. 704 contains no intergovernmental mandates as defined in that Unfunded Mandates Reform Act (UMRA), and would impose no costs on state, local, or tribal governments. The bill would impose a new private-sector mandate, but the costs of the mandate would be well below the annual threshold established in UMRA (\$100 million in 1996, adjusted for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Direct Spending

Based on information from the BOP, CBO estimates that under this bill, about 400,000 health care visits by prisoners in federal prisons would be subject to a \$2 fee in fiscal year 2000. We estimate that assessing such a fee would deter some prisoners from initiating some visits, but we also expect that the overall prison population will continue to increase each year. Assuming that the bill would reduce nonpreventative health care visits by between 10 percent and 25 percent, and that the prison population will increase by about 7 percent annually, CBO estimates that about \$1 million in copayments would be collected each year. Most or all such amounts would be spent, resulting in little or no net budgetary impact. CBO estimates that the BOP would spend about \$170,000 a year to administer the copayment program and that the portion of collections made available to the Attorney General would probably be sufficient to cover those costs.

Spending Subject to Appropriation

Based on the results to date of similar programs in some states, CBO expects that the health copayment program would reduce the number of health care visits initiated by prisoners. As a result, the BOP would realize some savings in health care costs. Savings would not be directly proportionate to the reduction in the number of visits because much of the BOP's \$350 million annual spending on health services would not be affected by this reduction. CBO estimates that savings of between \$1 million and \$2 million in health care costs could be realized in fiscal year 2000. Savings could be as high as \$5 million annually in subsequent years because some costs that are fixed in the near term might be eliminated in future years. Savings in health care services would be realized only to the extent that appropriations were reduced accordingly.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending and receipts. CBO estimates that the net changes in direct spending (accounting for some lag between collections and spending) would be less than \$500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 704 contains no intergovernmental mandates as defined in UMRA, and would impose no costs on state, local, or tribal governments. Under certain circumstances, the bill would allow state and local correctional institutions to charge federal prisoners in their facilities a copayment for nonpreventative health care services. CBO estimates that total receipts to state and local governments would increase by less than \$500,000 a year.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 704 would create a new private-sector mandate by requiring prisoners to pay for some health care visits. CBO estimates that, as a result, prisoners in federal facilities would pay about \$1 million annually in fees. Federal prisoners housed in state or local institutions would also be required to pay fees in cases where those institutions choose to charge them; such fees would amount to less than \$500,000 a year. CBO therefore expects that the total fees collected from prisoners would be well below the annual threshold established in UMRA (\$100 million in 1996, adjusted for inflation).

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