



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 26, 2004

S. 1146

Three Affiliated Tribes Health Facility Compensation Act

As ordered reported by the House Committee on Resources on May 19, 2004

SUMMARY

S. 1146 would authorize the appropriation of \$20 million for the construction of a new hospital on the Fort Berthold Indian Reservation in North Dakota. The act also would authorize the appropriation of such sums as necessary for other expenses—such as operating costs—associated with the new facility.

CBO estimates that implementing S. 1146 would cost \$2 million in 2005 and \$57 million over the 2005-2009 period, assuming appropriation of the necessary funds. These costs would be borne by the Indian Health Service (IHS), which would construct and operate the new hospital. The act would have no effect on direct spending or revenues.

S. 1146 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1146 is shown in the following table. The costs of this legislation fall within budget function 550 (health). For this estimate, CBO assumes that S. 1146 would be enacted by the end of fiscal year 2004.

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Construction of New Hospital					
Estimated Authorization Level	1	1	12	6	0
Estimated Outlays	1	1	12	6	0
Construction of Staff Quarters					
Estimated Authorization Level	1	1	12	5	0
Estimated Outlays	1	1	12	5	0
Equipment and Furnishings					
Estimated Authorization Level	0	0	0	3	0
Estimated Outlays	0	0	0	3	0
Operating Costs					
Estimated Authorization Level	0	0	0	5	10
Estimated Outlays	0	0	0	5	10
Total Spending Under S. 1146					
Estimated Authorization Level	2	2	24	19	10
Estimated Outlays	2	2	24	19	10

BASIS OF ESTIMATE

CBO estimates that implementing S. 1146 would cost a total of \$57 million over the 2005-2009 period, assuming appropriation of the necessary funds. Construction of the new hospital would cost \$20 million over that period, while related costs would total \$37 million.

Construction of New Hospital

S. 1146 would authorize the appropriation of \$20 million for a new hospital on the Fort Berthold Indian Reservation in North Dakota. Based on the Indian Health Service's experience in building other hospitals, CBO assumes that planning and design for the new hospital would take place during 2005 and 2006, and that construction would begin in 2007 and be completed in 2008. CBO estimates that costs for these activities would be \$1 million in both 2005 and 2006, \$12 million in 2007, and \$6 million in 2008.

Construction of Staff Quarters

In addition to the hospital itself, IHS also would have to build living quarters for hospital staff. Based on information from IHS, CBO estimates that the cost of these quarters would total about \$19 million. CBO assumes that these quarters would be built at the same time as the hospital, with costs of \$1 million in both 2005 and 2006, \$12 million in 2007, and \$5 million in 2008.

Equipment and Furnishings

Based on information from IHS, CBO estimates that the purchase of medical equipment and furnishings for the new hospital would cost \$3 million in 2008.

Operating Costs

Based on information from IHS, CBO estimates that staffing and maintenance costs for the new hospital would total \$5 million in 2008 and \$10 million in 2009. Costs in 2008 would be lower because CBO assumes that the new hospital would be open for only part of the year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1146 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On September 22, 2003, CBO transmitted a cost estimate for S. 1146 as ordered reported by the Senate Committee on Indian Affairs on July 16, 2003. The two versions of the legislation and their estimated costs are identical, except that CBO's estimate for the version approved by the House Committee on Resources reflects a later assumed enactment date, with likely costs over the 2005-2009 period (while the earlier estimate showed costs over the 2004-2008 period).

ESTIMATE PREPARED BY:

Federal Costs: Eric Rollins

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Selena Caldera

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis