



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 23, 2008

H.R. 2583
Physician Workforce Enhancement Act of 2008

*As ordered reported by the House Committee on Energy and Commerce
on September 17, 2008*

H.R. 2583, the Physician Workforce Enhancement Act of 2008, would allow eligible hospitals to receive a no-interest loan to establish a residency training program. Eligible hospitals are public or nonprofit hospitals that are not currently operating and have not previously operated a residency training program. Loans to individual hospitals could not exceed \$250,000 annually. Loans could only be for costs directly related to certain residency programs in one of (or a combination of) the following areas: family medicine, internal medicine, obstetrics and gynecology, behavioral or mental health, and pediatrics.

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost an additional \$1 million in 2010 and \$4 million over the 2010-2013 period. Enacting H.R. 2583 would not affect direct spending or revenues.

H.R. 2583 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Public hospitals in rural areas that establish residency training programs would benefit from loans authorized in the bill.

Under H.R. 2583, hospitals would be required to enter into an agreement with the Administrator of the Health Resources and Services Administration (HRSA) to repay the loan in installments beginning 18 months after the loan is disbursed. H.R. 2583 would require that loans be repaid no later than 24 months after the loan repayment begins. Under the bill, if a hospital receives a loan and then terminates the residency training program before repaying the loan, the hospital would have 45 days to repay the loan after terminating the residency program. In making loans to eligible hospitals, the HRSA Administrator would be required to establish guidelines that give preference to hospitals in rural areas.

Lastly, H.R. 2583 would establish the loan program no later than October 1, 2010. No loans could be made under this program after December 31, 2013.

H.R. 2583 would authorize the appropriation of such sums as may be necessary to provide \$8 million in loans for 2010 and \$34 million in loans over the 2009-2013 period. Under the Federal Credit Reform Act of 1990, the cost of a loan program is measured as the net present

value of cash flows over the life of the loan. Hospitals would begin to repay the loan 18 months after disbursement and would repay the entire loan amount within 24 months after repayments begin. CBO estimates that the subsidy cost for the no-interest loans would total about \$1 million per year over the 2010-2013 period.

The estimated cost of H.R. 2583 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars				
	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	0	1	1	1	1
Estimated Outlays	0	1	1	1	1

The CBO staff contacts for this estimate is Kirstin Nelson. This estimate was approved by Keith J. Fontenot, Deputy Assistant Director for Health and Human Resources, Budget Analysis Division.