



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 21, 2002

### **H.R. 3487**

### **Nurse Reinvestment Act of 2001**

*As passed by the House of Representatives on December 20, 2001*

#### **SUMMARY**

H.R. 3487 would amend the Public Health Service Act to expand the Nursing Education Loan Repayment Program (NELRP), which is administered by the Health Resources and Services Administration (HRSA), to include scholarship opportunities for nursing students. The act also would direct the Secretary of Health and Human Services to develop, and give grants to public entities to develop, public service announcements that promote the nursing profession. It would authorize such sums as may be necessary for these activities for 2002 through 2007. H.R. 3487 also would require the General Accounting Office (GAO) to study the hiring practices of private and public entities of nurses.

Assuming appropriation of the necessary amounts in 2003, CBO estimates that implementing H.R. 3487 would cost \$3 million in 2003 and \$30 million over the 2003-2007 period. (Those amounts reflect adjustments for anticipated inflation. Without adjusting for inflation, we estimate that implementing H.R. 3487 would cost \$28 million over the 2003-2007 period.)

The estimate would implicitly extend provisions under section 224 of the Public Health Service Act to nurses in the scholarship program. That section authorizes settlements and awards for tort claims to be paid out of the Treasury's Judgment Fund. Those payments are considered direct spending, regardless of whether the health program involved is an entitlement program or subject to appropriation. CBO estimates those payments would be less than \$500,000 over the 2003-2007 period. Because the legislation would affect direct spending or receipts, pay-as-you-go procedures would apply.

H.R. 3487 contains no private-sector or intergovernmental 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 H.R. 3487 is shown in the following table. The costs of this legislation fall within budget function 550 (health) and 800 (general government).

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	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
<b>With Adjustments for Inflation<sup>a</sup></b>						
Spending Under Current Law						
Estimated Authorization Level <sup>b</sup>	10	10	11	11	11	11
Estimated Outlays	9	10	10	11	11	11
Proposed Changes						
Estimated Authorization Level	0	4	4	6	9	12
Estimated Outlays	0	3	3	5	8	11
Spending Under H.R. 3487						
Estimated Authorization Level <sup>b</sup>	10	14	15	17	20	24
Estimated Outlays	9	13	14	16	19	22

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a. Including adjustments for anticipated inflation, the estimated outlay changes would total \$30 million over the 2003-2007 period. Without such adjustments, the five-year total would be \$28 million.

b. The 2002 level is the amount appropriated for that year for the Nursing Education Loan Repayment Program.

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## BASIS OF ESTIMATE

Implementing H.R. 3487 would require new discretionary spending of about \$30 million over the next five years. Enacting the legislation also could increase direct spending, but any such effects would not be significant.

### Spending Subject to Appropriation

H.R. 3487 would have two main spending effects: first, it would expand an existing program, the Nursing Education Loan Repayment Program; and second, it would provide funding for public service announcements promoting the nursing profession.

**Nursing Scholarship Program.** The NELRP received funding in fiscal year 2002 of approximately \$10 million for the purpose of aiding the repayment of loans by nursing school graduates who agree to work in specific settings for at least two years. H.R. 3487 would expand the scope of the government's aid to nursing students by creating a scholarship program for nurses similar to the National Health Service Corps (NHSC) scholarship program. The NHSC is currently open to physicians, dentists, physician assistants, nurse practitioners, and other health care providers. Scholarships include full tuition support, school-related expenses, and a monthly stipend, and are awarded to scholars committed to working at least two years in under served communities. The act would direct HRSA to create a scholarship program within the NELRP wherein recipients have the same rights and obligations as recipients of NHSC scholarships.

Based on discussions with HRSA program staff, CBO assumes that approximately 40 nursing scholarships would be awarded in 2003, increasing to 250 scholarships a year in 2007. CBO estimates that implementing this provision would cost \$1 million in 2003 and \$25 million over the 2003-2007 period.

**Public Service Announcements.** H.R. 3487 would require the Secretary of Health and Human Services to develop and issue public service announcements (PSAs) supporting the nursing profession, as well as give grants to public entities for the development and dissemination of PSAs. Based on discussions with HRSA program staff and industry experts, we assume that HRSA will produce three or four PSAs in 2003, and award six grants each year, on average, for the development of PSAs. The HRSA-sponsored PSAs are estimated to cost approximately \$300,000 each, and the grants are estimated at \$125,000 each. CBO assumes that HRSA would contract to make the PSAs and begin awarding grants in 2003. CBO estimates that implementing this provision would cost \$2 million in 2003 and \$5 million over the 2003-2007 period.

The act also would direct GAO to conduct a study detailing the differences in hiring practices of nurses by private and public entities. GAO would conduct this study in relation to the changes the legislation makes to the NELRP, which would allow the placement of nurses in private settings for up to three years after enactment of the act. CBO estimates that implementing this provision would be cost about \$100,000 over the 2003-2007 period.

### **Direct Spending**

Under current law, settlements and tort claims arising from the actions of licensed health care providers in federally funded health centers are paid from the Treasury's Judgment Fund. The act would expand that coverage to include tort claims arising from the actions of licensed nurses participating in the scholarship program. Based on past experience with spending from the Judgment Fund for providers covered under section 224, CBO estimates the cost of this provision to be less than \$500,000 during the 2003-2007 period.

## **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 or receipts. CBO estimates that the bill would not affect receipts and would have no significant effect on direct spending.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 3487 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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