CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 2, 2003

S. 423
HIPAA Recreational Injury Technical Correction Act

As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on October 29, 2003

S. 423 would modify the Employee Retirement Income Security Act, the Public Health Service Act, and the Internal Revenue Code. The bill would prohibit a group health plan from denying benefits, otherwise provided under the plan, for treatment of an injury solely because the injury resulted from participation in a legal mode of transportation or legal recreational activity. CBO estimates that the bill would have no impact on federal outlays. The bill would affect the spending on health benefits for firms that provide health insurance and, therefore, would affect the share of employees' compensation that is tax-advantaged or taxable. At this time, CBO cannot estimate the effect on revenues of those changes in the mix of compensation.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). State, local, and tribal governments operating health care plans for their employees would be exempt from the bill's requirements or would be able to opt out of the requirements.

S. 423 contains a private-sector mandate as defined in UMRA by requiring that group health plans and health insurance providers not deny benefits otherwise provided because of the source of injury. Several industry sources indicate that such source-of-injury exclusions are rare in the private health care market, but they do exist. For such cases the added cost of covered care could be considered per case, but data on the number of source-of-injury exclusion cases per year is unavailable. CBO cannot determine whether the cost of that mandate would exceed the threshold specified in UMRA ($120 million in 2004, adjusted annually for inflation).

The CBO staff contact is Margaret Nowak. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.