



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 8, 2011

H.R. 1216

A bill to amend the Public Health Service Act to convert funding for graduate medical education in qualified teaching health centers from direct appropriations to an authorization of appropriations

As ordered reported by the House Committee on Energy and Commerce on April 5, 2011

SUMMARY

H.R. 1216 would rescind any unobligated funds that were appropriated by the Patient Protection and Affordable Care Act (PPACA) for health centers to expand or establish programs that provide training to medical residents. The bill also would amend the Public Health Service Act to make funding for future payments to those centers subject to annual discretionary appropriations, and it would authorize the appropriation of \$46 million a year for fiscal years 2012 through 2015 for such payments.

CBO estimates that enacting the legislation would decrease direct spending by about \$195 million over the 2011-2016 period and by \$220 million over the 2011-2021 period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

Assuming appropriation of the specified amounts, CBO estimates that the discretionary spending to implement H.R. 1216 would total \$184 million over the 2011-2016 period.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1216 is shown in the following table. The costs of this legislation fall within budget functions 550 (health) and 570 (Medicare).

	By Fiscal Year, in Millions of Dollars												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	-190	0	0	0	0	-5	-5	-5	-5	-5	-5	-195	-220
Estimated Outlays	0	0	-40	-50	-50	-55	-5	-5	-5	-5	-5	-195	-220
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Authorization Level	0	46	46	46	46	0	0	0	0	0	0	184	184
Estimated Outlays	0	37	46	46	46	9	0	0	0	0	0	184	184

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted by the end of fiscal year 2011.¹ H.R. 1216 would prevent the Secretary of Health and Human Services from obligating any unobligated funds appropriated by PPACA to health centers to expand or establish programs that provide training to medical residents. By rescinding those appropriated funds, H.R. 1216 would reduce direct spending by \$195 million over the 2011-2016 period and by \$220 million over the 2011-2021 period, CBO estimates.

In addition, CBO estimates that implementing H.R. 1216 would incur discretionary costs of \$184 million over the 2012-2021 period, assuming appropriation of the specified amounts.

Rescission of Unobligated Funds

Under current law, the Secretary is authorized to make payments totalling about \$230 million over the 2011-2015 period to health centers to expand or establish programs that provide training to medical residents. CBO expects that funding will enable additional health centers to qualify for payments from Medicare for costs incurred for operating an approved training program for medical residents. CBO estimates those additional Medicare payments under current law will total about \$30 million over the 2012-2021 period.

¹ If the bill was enacted sooner, or if the pace of obligations was slower than anticipated, some additional unobligated balances may remain at the time of enactment. In that case, the budget authority of the grant program would be reduced by the amount of those unobligated balances, resulting in a corresponding decrease in direct spending.

Enacting H.R. 1216 would rescind any unobligated funds appropriated by PPACA to qualifying health centers to train medical residents. Assuming enactment near the end of fiscal year 2011, CBO estimates that about \$40 million will have been obligated, and that \$190 million would be rescinded by the bill. CBO expects that the Secretary of Health and Human Services will obligate funds for 2012 near the end of fiscal year 2011 and therefore estimates no change in outlays until 2013. CBO also expects that the reduction in funding for training programs would result in fewer programs qualifying for additional Medicare payments. CBO estimates that, as a result, Medicare spending for graduate medical education programs would be reduced by about \$30 million over the 2012-2021 period. In total, therefore, CBO estimates that enacting H.R. 1216 would reduce direct spending by \$220 million over the 2011-2021 period.

Authorized Grant Funds

The bill would authorize the appropriation of \$46 million for fiscal year 2012 and \$184 million over the 2012-2016 period for qualifying health centers to expand or establish programs that provide training to medical residents. Based on historical patterns of spending for similar activities, CBO estimates that implementing H.R. 1216 would cost \$37 million in 2012 and \$184 million over the 2012-2016 period, assuming appropriation of the specified amounts.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table. Enacting H.R. 1216 would have no impact on federal revenues.

CBO Estimate of Pay-As-You-Go Effects for H.R. 1216, as ordered reported by the House Committee on Energy and Commerce on April 5, 2011

	By Fiscal Year, in Millions of Dollars												2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021	
NET DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	-40	-50	-50	-55	-5	-5	-5	-5	-5	-195	-220	

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1216 contains no intergovernmental or private-sector mandates as defined in UMRA. By reclassifying funding for teaching health centers, the bill would probably decrease the amount of funds that state and local governments receive to implement programs that provide graduate medical education.

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