



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 26, 2011

H.R. 2405

Pandemic and All-Hazards Preparedness Reauthorization Act of 2011

As ordered reported by the House Committee on Energy and Commerce on July 28, 2011

SUMMARY

H.R. 2405 would amend the Public Health Service Act to authorize funding for certain activities carried out by various agencies and offices within the Department of Health and Human Services (HHS) that would support the readiness of the public health system to address public health and medical emergencies. Those activities are conducted by the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), and several offices within the HHS Office of the Secretary.

CBO estimates that implementing the bill would cost \$395 million in 2012 and \$7.9 billion over the 2012-2016 period, assuming the appropriation of the authorized amounts. The funding authorized by H.R. 2405 is similar to the appropriation amounts enacted in recent years for the same activities. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

H.R. 2405 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. 2405 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars					2012- 2016
	2012	2013	2014	2015	2016	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Centers for Disease Control and Prevention						
State and Local Public Health Security						
Authorization Level	633	633	633	633	633	3,165
Estimated Outlays	130	440	540	600	615	2,325
Public Health Threats						
Authorization Level	160	160	160	160	160	800
Estimated Outlays	55	120	145	150	155	625
Vaccine Tracking and Distribution						
Authorization Level	31	31	31	31	31	155
Estimated Outlays	15	25	30	30	30	130
Food and Drug Administration						
Estimated Authorization	15	30	35	40	40	160
Estimated Outlays	15	25	35	35	40	150
Office of the Assistant Secretary for Health						
Authorization Level	12	12	12	12	12	60
Estimated Outlays	5	10	10	10	10	45
Office of the Assistant Secretary for Preparedness and Response						
Procurement of Countermeasures						
Authorization Level	2,800	0	0	0	0	2,800
Estimated Outlays	0	0	365	665	330	1,360
Advance Development of Countermeasures						
Authorization Level	415	415	415	415	415	2,075
Estimated Outlays	85	315	380	405	415	1,600
Hospital Preparedness						
Authorization Level	378	378	378	378	378	1,890
Estimated Outlays	75	265	320	360	365	1,385
National Disaster Medical System						
Authorization Level	56	56	56	56	56	280
Estimated Outlays	10	45	50	55	55	215
Emergency Volunteer Registration						
Authorization Level	6	6	6	6	6	30
Estimated Outlays	5	5	5	5	5	25
Total Changes						
Authorization Level	4,506	1,721	1,726	1,731	1,731	11,415
Estimated Outlays	395	1,250	1,880	2,315	2,020	7,860

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2405 will be enacted near the start of fiscal year 2012 and that the authorized amounts will be appropriated for each year.

The bill contains provisions that would authorize funding for activities administered by CDC, FDA, the Office of the Assistant Secretary of Health (ASH), and the Office of the Assistant Secretary for Preparedness and Response (ASPR) to improve the coordination of preparedness activities and to increase medical system capacity in the event of a public health emergency.

Centers for Disease Control and Prevention

H.R. 2405 would authorize funding through 2016 for activities related to preparing for a public health emergency at levels similar to the appropriations for recent years.

State and Local Public Health Security. H.R. 2405 would allow CDC to continue to administer cooperative agreements with state and local governments to help prepare for public health emergencies. Entities receiving funding through those cooperative agreements must submit plans for responding to an outbreak of pandemic influenza and contribute matching funds. This bill would authorize the appropriation of \$633 million each fiscal year for 2012 through 2016 for CDC to administer those cooperative agreements. Based on historical spending patterns of similar programs, CBO estimates that implementing that provision would cost \$130 million in 2012 and \$2.3 billion over the 2012-2016 period, assuming appropriation of the authorized amounts.

Public Health Threats. H.R. 2405 would authorize funding for the Secretary to continue to expand, enhance, and improve the capacity for CDC to respond effectively to bioterrorism and other public health emergencies. H.R. 2405 would also authorize funding to establish and maintain surveillance programs and networks that enhance coordinated efforts in response to outbreaks of infectious diseases and public health emergencies. The bill would authorize the appropriation of \$160 million a year for fiscal years 2012 through 2016. Based on historical spending patterns for similar programs, CBO estimates that implementing that provision would cost \$55 million in 2012 and \$625 million over the 2012-2016 period, assuming appropriation of the authorized amounts.

Vaccine Tracking and Distribution. CDC collaborates with officials in state, local, and tribal governments as well as private entities, such as vaccine manufacturers, wholesalers, and distributors, to track the distribution of vaccines for pandemic flu and to promote effective distribution of vaccines for the seasonal flu. H.R. 2405 would authorize the Secretary to continue those activities and would authorize the appropriation \$31 million for each fiscal year over the 2012-2016 period. Assuming appropriation of authorized

amounts, CBO estimates that implementing that provision would cost \$15 million in 2012 and \$130 million over the 2012-2016 period, based on historical spending patterns for similar programs.

Food and Drug Administration

H.R. 2405 would expand the role of FDA personnel in supporting the development, stockpiling, approval and licensure of medical countermeasures (such as diagnostic tests, drugs, vaccines and other treatments for response to chemical, biological, radiological and nuclear threats) as well as medical responses to pandemics and epidemics. The bill would require the formation of a team of experts on manufacturing and regulatory activities within the FDA to provide both off-site and on-site technical assistance to manufacturers of those products. CBO estimates that the FDA would require the appropriation of an additional \$15 million in 2012 and \$160 million for the 2012-2016 period for such activities. Assuming the appropriation of those amounts, CBO estimates those provisions would cost \$150 million over the 2012-2016 period.

Office of the Assistant Secretary of Health

The Medical Reserve Corps (MRC) is a community-based program that coordinates medical and public health volunteers to support public health activities, including emergency preparedness and response efforts. The bill would authorize funding for the MRC, which is operated by the HHS Office of the Surgeon General within the ASH. The MRC received an appropriation of just under \$12 million for fiscal year 2011. The bill would authorize the same amount for each fiscal year over the 2012-2016 period. Based on historical spending patterns for similar programs, CBO estimates that implementing that provision would cost \$5 million in 2012 and \$45 million over the 2012-2016 period, assuming appropriation of authorized amounts.

Office of the Assistant Secretary for Preparedness and Response

H.R. 2405 would authorize funding for the following activities administered by ASPR related to medical system capacity and countermeasure development and procurement.

Procurement of Countermeasures. Project Bioshield, a special reserve fund established for the procurement of biodefense countermeasures, is funded by an appropriation of approximately \$5.6 billion for fiscal years 2004-2013. H.R. 2405 would authorize an additional appropriation of \$2.8 billion for fiscal years 2014-2018 to the fund for continuing those activities. H.R. 2405 would allow up to 30 percent of the \$2.8 billion to be used for advance research and development of countermeasures. Based on historical spending patterns, CBO estimates that implementing the provision would cost \$1.4 billion over the 2012-2016 period, assuming appropriation of the authorized amount.

Advance Development of Countermeasures. The Biomedical Advance Research and Development Authority (BARDA) office within ASPR supports the advance development of medical countermeasures to respond to bioterrorism and other public health emergencies. BARDA is funded by the Biodefense Medical Countermeasure Development Fund. H.R. 2405 would authorize \$415 million for the fund in each year for fiscal years 2012 through 2016. Based on historical spending patterns, CBO estimates that implementing that provision would cost \$85 million in 2012 and \$1.6 billion over the 2012-2016 period, assuming appropriation of the authorized amounts.

Hospital Preparedness. The bill would authorize a grant program that provides funding to entities such as states, localities, or health care facilities to enhance hospital capacity to handle a surge of patients in the event of a public health emergency. The grant program received an appropriation of \$378 million in fiscal year 2011. The bill would authorize the same amount in each fiscal year over the 2012-2016 period. Assuming appropriation of authorized amounts, CBO estimates that implementing that provision would cost \$75 million in 2012 and \$1.4 billion over the 2012-2016 period, based on historical spending patterns of similar programs.

National Disaster Medical System (NDMS). The bill would authorize funding for the NDMS, which is a partnership between HHS, the Departments of Defense, Homeland Security, and Veterans Affairs. It provides for medical assistance to states and localities when responding to a large-scale public health emergency. In fiscal year 2011, the NDMS received an appropriation of \$56 million. The bill would authorize the same amount in each fiscal year over the 2012-2016 period. Based on historical spending patterns of similar programs, CBO estimates that implementing that provision would cost \$215 million over the 2012-2016 period, assuming appropriation of authorized amounts.

Emergency Volunteer Registration. The Emergency System for Advance Registration of Volunteer Health Professionals (ESAR-VHP) is a national database that links state credential verification systems in order to streamline the pre-registration of volunteer health professionals who are willing to respond in the event of a public health emergency. The ESAR-VHP received an appropriation of about \$6 million in fiscal year 2011. The bill would authorize the same amount in each fiscal year over the 2012-2016 period. Assuming appropriation of authorized amounts, CBO estimates that implementing that provision would cost \$25 million over the 2012-2016 period, based on historical spending patterns of similar programs.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2405 contains no intergovernmental or private-sector mandates as defined in UMRA. Programs and activities authorized in the bill would benefit state, local, and tribal agencies that prepare for and respond to public health emergencies.

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