



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 21, 2016

H.R. 5659 **Expanding Seniors Receiving Dialysis Choice Act of 2016**

As ordered reported by the House Committee on Ways and Means on July 13, 2016

Under current law, beneficiaries who develop End-Stage Renal Disease (ESRD) while enrolled in a Medicare Advantage (MA) plan may remain in that plan. However, Medicare beneficiaries are prohibited from enrolling in an MA plan after they have developed ESRD, and must stay in the fee-for-service portion of the Medicare program. H.R. 5659 would eliminate that prohibition, beginning in January 2020.

For beneficiaries with ESRD, Medicare currently pays MA plans an amount equal to the statewide average cost of treating such beneficiaries in the fee-for-service portion of Medicare, and would continue to do so under H.R. 5659. That methodology is designed to pay similar amounts regardless of whether beneficiaries are in fee-for-service or an MA plan. In CBO's judgement, that system, on average, is effective at achieving parity in payment between the two sectors. For beneficiaries who would newly enroll in MA plans under H.R. 5659, CBO estimates that, on average, payments to MA plans would be equal to the spending that otherwise would have occurred for those beneficiaries in the fee-for-service portion of Medicare. Thus, the budgetary effect of enacting this provision would be negligible.

The bill would also transfer responsibility for the costs of acquiring organs for kidney transplants from MA plans to the fee-for-service portion of Medicare. Payments to MA plans would be adjusted to reflect that shift. Thus, CBO estimates that this provision would not have a significant effect on federal spending.

Because enacting H.R. 5659 would affect direct spending, pay-as-you-go procedures apply; however CBO estimates that effects would be negligible over the 2017-2026 period. CBO estimates that enacting H.R. 5659 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5659 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Paul Masi. The estimate was approved by Holly Harvey, Deputy Assistant Director for Budget Analysis.