



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 12, 2015

### **H.R. 887** **Electronic Health Fairness Act of 2015**

*As ordered reported by the House Committee on Ways and Means on February 26, 2015*

#### **SUMMARY**

Under current law, a physician or other professional may be subject to payment reductions for services furnished to Medicare beneficiaries if the provider fails to achieve “meaningful use” of electronic health record (EHR) technology. The meaningful use standard requires that at least half of a provider’s encounters with patients occur in a setting that uses certified EHR technology. H.R. 887 would temporarily exclude services furnished in an ambulatory surgical center (ASC) from counting as patient encounters for the purpose of determining whether a provider achieves meaningful use of EHR technology.

CBO estimates that enacting H.R. 887 would increase direct spending by \$17 million over the fiscal year 2016-2020 period, but would have no further budgetary effect after 2020. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

H.R. 887 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 effect of is shown in the following table. The costs of this legislation fall within budget function 570 (Medicare).

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
<b>CHANGES IN DIRECT SPENDING</b>												
Estimated Budget Authority	0	4	5	6	2	0	0	0	0	0	17	17
Estimated Outlays	0	4	5	6	2	0	0	0	0	0	17	17

## **BASIS OF ESTIMATE**

H.R. 887 would amend the criteria used to determine whether an eligible professional achieves meaningful use of EHR technology. To qualify as a meaningful EHR user under current law, an eligible professional must conduct 50 percent of patient encounters at a place of service that is equipped with certified EHR technology. Beginning in 2015, Medicare’s payment rates will be reduced by between 1 percent and 5 percent for providers who fail to meet the meaningful-use criteria.

H.R. 887 would exclude services furnished at an ASC from being counted as patient encounters for the purpose of determining whether a provider satisfies the 50 percent threshold. Very few ASCs currently have certified EHR technology. The legislation would make it easier for professionals who conduct a significant number of patient encounters in the ASC setting to qualify as meaningful users of EHR technology. CBO estimates that enacting H.R. 887 would enable almost 2,000 providers to avoid payment reductions that otherwise would average about \$3,000 a year.

For this estimate, CBO assumes that H.R. 887 will be enacted in the spring of 2015. As a result, the bill would affect determinations of meaningful use beginning in 2016 and its provisions would no longer apply three years after the Secretary of the Department of Health and Human Services determines, through notice and comment rulemaking, that certified EHR technology is applicable to ASCs. For this estimate, CBO assumes that, during the rulemaking process for 2016, the Secretary will determine that EHR technology is applicable to the ASC setting. Therefore, we expect that enacting H.R. 887 would affect the determination of meaningful use for services performed during calendar years 2016 through 2018.

The reduction in Medicare payment rates for providers who fail to achieve meaningful use is applied to services furnished during the calendar year following the year in which the services are provided. By affecting meaningful use determinations for services performed in calendar years 2016 through 2018, enacting H.R. 887 would prevent some payment reductions and thus increase spending during fiscal years 2017 through 2020.

**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 net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

**CBO Estimate of Pay-As-You-Go Effects for H.R. 887, as ordered reported by the House Committee on Ways and Means on February 26, 2015**

	By Fiscal Year, in Millions of Dollars											2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	0	4	5	6	2	0	0	0	0	0	17	17

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 887 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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