



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 16, 2015

S. 313
Prevent Interruptions in Physical Therapy Act of 2015
As ordered reported by the Senate Committee on Finance on June 24, 2015

SUMMARY

S. 313 would allow physical therapists in areas with a shortage of health professionals, medically underserved areas, and rural areas to utilize substitute physical therapists, in what are known as locum tenens arrangements, under the Medicare program.

CBO estimates that enacting the legislation would increase direct spending by \$18 million over the 2016-2025 period. Because the legislation would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

S. 313 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 S. 313 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	1	2	2	2	2	2	2	2	3	7	18
Estimated Outlays	0	1	2	2	2	2	2	2	2	3	7	18

BASIS OF ESTIMATE

Since January 1, 1995, physicians participating in the Medicare program may retain substitute (locum tenens) physicians to take over their professional practices when they are absent. Under a locum tenens arrangement, the physician who is normally scheduled to see a patient may bill and receive payment for the substitute services as though she or he had performed them. The regular physician then pays the locum tenens physician as if that physician were an independent contractor (not an employee).

S. 313 would allow physical therapists participating in the Medicare program to utilize locum tenens arrangements in areas with a shortage of health professionals, medically underserved areas, and rural areas. CBO estimates that enacting S. 313 would increase direct spending for Medicare by \$18 million over the 2016-2025 period.

Companies that specialize in locum tenens staffing already exist. The Bureau of Labor Statistics estimates that in 2012 about one in four physical therapists worked part-time. Part-time physical therapists could be a ready pool of substitutes for physical therapists who participate in the Medicare program. Based on information provided by the American Physical Therapy Association and an analysis of the use of locum tenens for physicians' services, CBO expects that utilization and spending would increase over time as awareness of the policy grew and the marketplace for providing such staffing developed. Taking into account the proportion of spending in rural and underserved areas (about 30 percent), CBO estimates that the legislation would result in an increase in utilization and spending for physical therapy services furnished to Medicare patients of about 0.07 percent by 2019, adding about \$2 million to the roughly \$3 billion in spending for such services projected under current law.

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 S. 313, the Prevent Interruptions in Physical Therapy Act of 2015, as ordered reported by the Senate Committee on Finance on June 24, 2015

	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	1	2	2	2	2	2	2	2	3	7	18

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 313 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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