



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 24, 2017

H.R. 3271

Protecting Access to Diabetes Supplies Act of 2017

*As ordered reported by the House Committee on Energy and Commerce
on October 4, 2017*

SUMMARY

H.R. 3271 would codify certain requirements with respect to Medicare coverage of diabetic testing supplies (DTS). Based on current Medicare program and payment rules for DTS, CBO estimates that enacting H.R. 3271 would have no effect on the federal budget.

Enacting H.R. 3271 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3271 would not increase net direct spending or on-budget deficits in one or more of the four consecutive 10-year periods beginning in 2028.

H.R. 3271 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

BASIS OF ESTIMATE

Durable medical equipment (DME), which includes items like wheelchairs, hospital beds, and oxygen supplies, is a benefit within the Medicare program. The DME benefit includes supplies necessary to monitor blood sugar levels for people with diabetes, including glucose monitors and strips used to test blood samples—collectively called diabetic testing supplies (DTS). For some DME items, Medicare payment is based on a system in which suppliers compete to furnish DME, including DTS, to Medicare beneficiaries, with prices based on supplier bids. For DTS, Medicare payments are set for the nation as a whole and are pegged to prices for items delivered by mail-order suppliers. Beneficiaries can choose to receive DTS by mail or go to a local pharmacy.

Suppliers who furnish DTS to Medicare beneficiaries must meet certain standards, including coverage of commonly-available brands of test strips, and may not switch beneficiaries from one brand to another without their permission.

In CBO's judgment, H.R. 3271 would codify current practice with respect to diabetic testing strips, including the requirement that suppliers demonstrate the ability to furnish the strips on which their bids are based. The bill would also require the Centers for Medicare and Medicaid Services (CMS) to monitor suppliers to ensure that they continue to offer the brand of strips included in their bids.

CBO estimates that enacting H.R. 3271 would not affect the federal budget, but there is some uncertainty in that estimate. The legislation that established Medicare's DME competitive bidding program left considerable discretion to CMS to administer the program and to set its parameters through notice-and-comment rule-making and other guidance. If CMS continues to manage the competitive bidding program as it has, then CBO estimates that H.R. 3271 would codify current practice with respect to DTS and would have no budgetary impact. It is possible, however, that CMS could change how the DME competitive bidding system works in such a way that the requirements of H.R. 3271 would have a budgetary impact. For example, if CMS announced that Medicare would cover only one brand of testing strip and do so at a price below the current payment amount, then H.R. 3271, which codifies requirements for offering multiple brands, would probably increase direct spending in the Medicare program.

Another source of uncertainty with respect to H.R. 3271 is timing. Medicare uses supplier bids to set payment amounts for a set period of time, generally three years (for example, December 1, 2016 through December 31, 2018). In the past, it has taken CMS about 18 months to prepare for each round. A new round of competitively bid prices is set to take effect on January 1, 2019, so CBO expected that CMS would have announced any policy changes earlier this year. As yet, CMS has not made any public pronouncement about the January 2019 round and has not established any requirements for suppliers who wish to bid. H.R. 3271 would apply to "bids to furnish such types of products on or after January 1, 2019." As a result, CBO anticipates that its provisions would apply to the next round of competitive bidding, whenever it begins. Although the uncertainty around timing does not affect CBO's estimate of H.R. 3271, it does underscore the overall uncertainty of CBO's estimate, as it does not have updated information to inform its analysis.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in one or more of the four consecutive 10-year periods beginning in 2028.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3271 contains no intergovernmental or private-sector mandates as defined in UMRA.

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