



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 22, 2017

H.R. 3726 **Stark Administrative Simplification Act of 2017**

As ordered reported by the House Committee on Ways and Means on September 13, 2017

H.R. 3726 would modify the process by which providers can disclose and resolve technical violations of the Medicare statute. In CBO's judgment, the process envisioned in H.R. 3726 would be very similar to current law and would result in similar outcomes. As a result, CBO estimates that enacting H.R. 3726 would have no effect on the federal budget.

Under current law, providers participating in Medicare may not refer beneficiaries to other providers in which they have a financial interest. Those statutory prohibitions are commonly called the Stark Law, after former Representative Pete Stark, who sponsored the original legislation, and certain exceptions are permitted.

The Affordable Care Act mandated the development of a new process, the Self-Referral Disclosure Protocol (SDRP), through which providers who had violated the Stark law could disclose that violation and pay penalties. According to data from the Centers for Medicare and Medicaid Services, as of the end of calendar year 2016, providers have settled 233 disclosures and paid \$23 million in fines.

H.R. 3726 would create an alternative to the SDRP for a small subset of violations and providers could choose between the SDRP and that new process. The alternative protocol would be limited to those technical violations involving paperwork issues or the extension of permitted arrangements for a longer period than permitted under current regulations.

CBO expects that the amount of fines collected under the alternative protocol would probably be similar to the fines that will be collected under the SDRP. Therefore, CBO estimates that enacting H.R. 3726 would have no effect on the federal budget.

Enacting H.R. 3726 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 3726 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3726 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Lara Robillard. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.