Congressional Budget Office
Cost Estimate

October 9, 2019

At a Glance

H.R. 1309, Workplace Violence Prevention for Health Care and Social Service Workers Act

As ordered reported by the House Committee on Education and Labor on June 11, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	0	35	60
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	35	60
Spending Subject to Appropriation (Outlays)	6	16	not estimated

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	< $5 billion	Contains intergovernmental mandate?	Yes, Over Threshold
		Contains private-sector mandate?	Yes, Over Threshold

The bill would

- Require the Secretary of Labor to issue an interim final standard, a proposed standard, and a final rule to prevent workplace violence based on existing Occupational Safety and Health Administration (OSHA) guidelines
- Require certain employers in the health care and social service sectors and employers conducting related activities in those sectors to develop and implement plans to protect against and prevent workplace violence
- Require hospitals and skilled nursing facilities to comply with the new standard as a condition of a Medicare provider agreement
- Impose intergovernmental and private-sector mandates by requiring facilities to comply with the OSHA standard

Estimated budgetary effects would primarily stem from

- Changes in Medicare payments to certain affected facilities to defray increased administrative and capital costs
- Spending by OSHA to develop the standards, assuming appropriation of authorized amounts

Areas of significant uncertainty include

- Predicting the requirements of the final standard
- Estimating the extent to which covered entities are already complying with the OSHA guidelines
- Estimating the reduction in workplace violence associated with the new requirements

Detailed estimate begins on the next page.

Bill Summary

H.R. 1309 would require the Secretary of Labor to issue an interim final standard, a proposed standard, and a final rule that would require certain employers in the health care and social service sectors as well as employers conducting related activities in those sectors to develop and implement plans to prevent and protect against workplace violence. The plans, at a minimum, would have to be based on the Guidelines for Preventing Workplace Violence for Healthcare and Social Service Workers published by the Occupational Safety and Health Administration in 2016 and meet other requirements in the bill.

Estimated Federal Cost

The estimated budgetary effect of H.R. 1309 is shown in Table 1. The costs of the legislation fall within budget functions 550 (health) and 570 (Medicare).

Table 1.
Estimated Budgetary Effects of H.R. 1309

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
Increases in Direct Spending												
Estimated Budget Authority	0	5	10	15	5	5	5	5	5	5	35	60
Estimated Outlays	0	5	10	15	5	5	5	5	5	5	35	60
Increases in Spending Subject to Appropriation												
Estimated Authorization	6	4	4	2	*	n.e.	n.e.	n.e.	n.e.	n.e.	16	n.e.
Estimated Outlays	6	4	4	2	*	n.e.	n.e.	n.e.	n.e.	n.e.	16	n.e.

n.e. = not estimated; * = between zero and $500,000.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted near the end of 2019 and that the authorized and necessary amounts will be provided in each year. Outlays were estimated using information from OSHA and the Bureau of Labor Statistics (BLS).

Direct Spending

Because H.R. 1309 would require health care facilities to implement plans to safeguard against workplace violence, the cost of operating health care facilities would increase. The costs would stem from activities such as annual training of personnel, development and implementation of plans to prevent violence in the workplace, and development and maintenance of certain changes to infrastructure. CBO estimated the cost of compliance for hospitals that do not already meet the new standards using data from OSHA. Those costs would be partially offset by savings from a decrease in payments for workers' compensation claims resulting from workplace violence. CBO estimated those savings using data from BLS on the cost of claims for workers' compensation and the share of those claims related to

workplace violence in hospitals. Some of the affected facilities receive Medicare payments based on the cost of their operations; therefore, enacting the bill would increase costs to Medicare for those payments. On net, CBO estimates, enacting H.R. 1309 would increase direct spending by $60 million over the 2020-2029 period, with the cost in early years of coming into compliance exceeding the cost in subsequent years of maintaining compliance with the standards.

Spending Subject to Appropriation

Implementing H.R. 1309 would increase costs for the Department of Labor. Using information from OSHA, CBO estimates that DOL would need 20 additional employees, at an average annual cost of $160,000 each, as well as additional contractors to support the rulemaking process and to improve the information technology systems that would handle new record-keeping requirements. Such spending would be subject to the availability of appropriated funds. CBO expects that it would take about four years to complete the requirements. On that basis, CBO estimates that implementing the bill would cost $16 million over the 2020-2024 period.

Uncertainty

The estimated costs are subject to a fair amount of uncertainty. For example, CBO cannot predict precisely what the requirements in the final standard would entail. CBO is also uncertain about which covered entities are already in compliance with the proposed requirements, and the extent to which those requirements would reduce workplace violence. The bill describes only the minimum requirements for the final standard. If the final standard is substantially different from that minimum, direct spending could be higher or lower. Also, the number of covered entities already in compliance with the proposed requirements could be different than CBO estimates. Finally, this estimate takes into account savings to covered entities from a decrease in workplace violence. If that decrease is larger or smaller than CBO estimates, spending would be lower or higher.

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 Table 2.

Table 2.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 1309

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Net Increase in the Deficit											
Pay-As-You-Go Effect	0	5	10	15	5	5	5	5	5	5	35	60

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1309 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2030.

Mandates

H.R. 1309 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) on health care and social service facilities by requiring them to comply with the new OSHA rule.

Because the bill would apply to health care facilities broadly, it would affect public facilities, including hospitals and skilled nursing centers operated by state and local governments. CBO estimates that in the first two years in which the final rule is in effect, the annual public-sector cost of the mandates would be at least $100 million and would exceed the intergovernmental threshold established in UMRA ($82 million in 2019, adjusted annually for inflation) in those years. In later years, CBO estimates, public entities would spend at least $55 million annually to comply.

CBO estimates that the cost to private entities would be at least $2.7 billion in the first two years the final rule is in effect and at least $1.3 billion annually thereafter. Those costs would exceed the private-sector threshold ($164 million in 2019, adjusted annually for inflation) in each of the first five years in which the rule was in effect.

H.R. 1309 would impose mandates on covered facilities by requiring them to:

- Provide annual staff training;
- Investigate violent incidents;
- Develop violence prevention plans that include risk assessment, hazard correction, and infrastructure upgrades;
- Maintain and retain related records for at least five years; and
- Report and evaluate information as required by the OSHA rule.

In particular, substantial personnel and capital costs would be imposed by the requirements for training, investigation, engineering, and infrastructure changes. Those costs would be mitigated because some states already require similar duties. In addition, the Occupational Safety and Health Act has limited applicability to state and local government employees, and some facilities now comply voluntarily with the standards in the bill.

Using information provided by OSHA, CBO expects that the rule would affect hundreds of thousands of mostly private facilities, including ambulatory care centers, hospitals, freestanding emergency centers, and nursing homes and other residential

facilities. Most of the covered entities are small facilities that would incur costs related to developing plans and training employees. Costs to those facilities would constitute about one-third of the mandate cost overall but would be relatively small for each facility.

CBO estimates that larger facilities, particularly hospitals and nursing homes, would incur significant and uncertain costs because of the possibility of more frequent incidents and the likelihood of expensive infrastructure changes. Based on published research, CBO expects that compliance with the mandate would lead to savings in workers' compensation expenses and would reduce the cost of the mandate. Although CBO assumes that entities would comply in the most cost-effective manner, the cost of the mandate could rise significantly if the number and nature of violent incidents required additional staff training and infrastructure changes.

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