

At a Glance

H.R. 3630, Lymphedema Treatment Act

As ordered reported by the House Committee on Energy and Commerce on July 13, 2022

By Fiscal Year, Millions of Dollars	2022	2022-2027	2022-2032
Direct Spending (Outlays)	0	195	570
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	195	570
Spending Subject to Appropriation (Outlays)	0	0	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 2033?	> \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Add coverage of compression garments, used for treatment of lymphedema, to Medicare
- Direct the Secretary of Health and Human Services to establish payment rates for those items

Estimated budgetary effects would mainly stem from

- Adding a new covered item to Medicare, which would increase federal spending
- Reduced spending on health care services to treat complications of lymphedema

Areas of significant uncertainty include

- How Medicare payment rates would be set
- How many Medicare beneficiaries would use the newly covered garments

Detailed estimate begins on the next page.



Bill Summary

H.R. 3630 would require Medicare to cover and pay for compression garments, used to treat lymphedema. The new benefit would be available to beneficiaries on January 1, 2024. For purposes of this estimate, CBO assumes that the legislation would be enacted before the end of calendar year 2022.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3630 is shown in Table 1. The costs of the legislation fall within budget function 570 (Medicare).

Table 1. Estimated Budgetary Effects of H.R. 3630, the Lymphedema Treatment Act													
	By Fiscal Year, Millions of Dollars											2022- 2027	2022- 2032
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
	Increases or Decreases (-) in Direct Spending												
Estimated Budget Authority	0	0	25	50	60	60	70	70	75	80	80	195	570
Estimated Outlays	0	0	25	50	60	60	70	70	75	80	80	195	570

Basis of Estimate

Lymphedema is a medical condition in which tissues swell because of an accumulation of fluid that usually drains through the body's lymphatic system. One treatment for lymphedema is the use of compression garments, which encourage fluid to drain from the affected area. The Medicare program does not currently cover compression garments used to treat lymphedema.

H.R. 3630 would add coverage of compression garments to Medicare, as of January 1, 2024. The Secretary of Health and Human Services (HHS) would establish payment rates for the items and could consider rates used by other payers, including state Medicaid programs, the Veterans Health Administration, and private health plans. The Secretary would also establish limits on how often Medicare would pay for compression garments and beneficiaries would pay 20 percent of the cost.

In developing its estimate for H.R. 3630, CBO analyzed numerous data sources, including academic studies and analyses by interested parties. After reviewing available data, CBO estimates that in 2024, the first year the benefit would be available, about 76,000 beneficiaries in fee-for-service Medicare would use the newly covered compression garments. CBO estimates that number would increase to 103,000 beneficiaries by 2032.



To estimate the average per capita cost of the benefit, CBO reviewed payment rates in the commercial market. CBO also consulted the federal supply schedule (FSS), which makes items and services available to government purchasers and assessed prices in a sample of state Medicaid programs. Because the legislation refers to both standard and custom compression items, CBO developed two annual per capita costs for compression garments, expecting that Medicare would establish lower payment rates for standard items and higher payment rates for custom items. CBO estimated that the average annual per-capita cost for standard items would be about \$170 in 2024 and for custom items would be about \$1,400 in 2024. Those estimates assume that beneficiaries would use four compression garments per year. CBO estimates that about half of beneficiaries using compression garments would use standard items and about half would use custom garments.

H.R. 3630 allows the Secretary to include compression garments in the competitive acquisition system that uses supplier bids to establish payment rates for certain items of durable medical equipment (DME). CBO's estimate includes an assumption that the Centers for Medicare and Medicaid Services (CMS) would include standard compression garments in competitive bidding as of 2027.¹ Competitive bidding would cause a one-time reduction in payment rates of about 10 percent, CBO estimates.

CBO also estimated a reduction in Medicare fee for service (FFS) spending on other health care services because of the new benefit for compression garments. One analysis estimated that 6 percent of people with lymphedema are hospitalized for cellulitis, a complication of lymphedema, at an average cost per hospitalization of about \$7,600 in 2013. Using that information and its baseline estimates of growth in inpatient hospital spending, CBO estimated that the annual cost of a related hospitalization would be about \$9,800 in 2024 and that use of compression garments would reduce those hospitalizations for beneficiaries with lymphedema by about 30 percent.

Changes to federal spending on fee-for-service Medicare result in two secondary effects. First, beneficiaries pay monthly premiums for items and services covered by Part B, and their annual Part B premiums are calculated based on roughly one-quarter of projected spending in the program. CBO estimates that about one-quarter of spending on compression garments would be offset by increases in Part B premiums. In addition, payments to plans in the Medicare Advantage program are based on per capita spending in fee-for-service Medicare. CBO estimates that increased spending under fee-for-service Medicare would also increase federal payments to Medicare Advantage (MA) plans.

CBO estimates that the net effect of new spending on compression garments and reduced spending on hospital care would be an increase of \$355 million over the 2022-2032 period. After accounting for the effects on Part B premiums and payments to MA plans, CBO

1. Because custom garments, by definition, would be more specific to a given beneficiary, CBO did not assume that custom garments would be included in competitive bidding.



estimates that H.R. 3630 would increase federal spending by \$570 million over the 2022-2032 period.

Uncertainty

- The legislation gives the HHS Secretary discretion with respect to establishing Medicare payment rates for compression garments; those rates could be higher or lower than the rates CBO estimates.
- Similarly, the HHS Secretary could establish frequency limits with respect to coverage that result in more or less utilization than CBO projects.
- The number of beneficiaries who use compression garments, including those who would use standard and those who would use custom, could differ from CBO's assumptions.

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 1.

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 3630 would increase on-budget deficits by more than \$5 billion in the fourth decade after 2033.

Mandates: None.

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