

At a Glance

Medicare Legislation

As ordered reported by the House Committee on Ways and Means on May 8, 2024, and June 27, 2024

On May 8, 2024, and June 27, 2024, the House Committee on Ways and Means ordered a total of 10 bills to be reported. This document provides estimates for 6 of the bills. Details of the estimated costs of each bill are discussed in the text below.

CBO estimates that enacting H.R. 7931, H.R. 8246, and H.R. 8816, would affect direct spending and thus the deficit. Pay-as-you-go procedures would apply to those three bills. None of the bills would affect revenues.

CBO has not estimated any of the bills' effects on spending subject to appropriation.

CBO estimates that enacting H.R. 8246 would increase net direct spending by more than \$2.5 billion in at least one of the four consecutive 10-year periods beginning in 2035. None of the other bills, if enacted, would do so.

CBO estimates that enacting H.R. 8246 would increase on-budget deficits by more than \$5 billion in at least one of the four consecutive 10-year periods beginning in 2025. None of the other bills, if enacted, would do so.

None of the bills contain intergovernmental or private-sector mandates.

Bill	Net Increase or Decrease (-) in the Deficit Over the 2025-2034 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2025-2029 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 7931	74	Not estimated	No
H.R. 8235	0	Not estimated	No
H.R. 8244	0	Not estimated	No
H.R. 8245	0	Not estimated	No
H.R. 8246	3,411	Not estimated	No
H.R. 8816	-129	Not estimated	No

Detailed estimate begins on the next page.



Summary of Legislation

The House Committee on Ways and Means marked up a total of 10 bills on May 8, 2024, and on June 27, 2024. This document provides estimates for six of those bills.

Generally, the bills would:

- Modify Medicare’s payment policy with respect to ambulances and hospitals that operate in rural areas,
- Provide Medicare-funded graduate medical education slots at rural hospitals,
- Reinstate nursing certification programs at facilities that had previously lost the ability to operate those programs,
- Establish a Medicare pilot program to award grants to rural hospitals,
- Revise the definition of “rural emergency hospital” under Medicare, and
- Expand Medicare coverage for the home infusion of drugs.

Estimated Federal Cost

Three of the bills would affect direct spending; the estimated effects are shown in Table 1. The costs fall within budget function 570 (Medicare).

Table 1.
Estimated Effects on Direct Spending of Medicare Legislation, as Ordered Reported by the House Committee on Ways and Means on May 8, 2024, and June 27, 2024

	By Fiscal Year, Millions of Dollars										2025-2029	2025-2034	
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034			
Increases or Decreases (-) in Direct Spending													
H.R. 7931													
Budget Authority	1	3	4	5	6	8	9	11	13	14	19	74	
Estimated Outlays	1	3	5	5	6	8	9	11	13	14	19	74	
H.R. 8246													
Budget Authority	0	29	117	193	284	336	443	551	651	807	623	3,411	
Estimated Outlays	0	29	117	193	284	336	443	551	651	807	623	3,411	
H.R. 8816													
Budget Authority	1	-8	-11	-14	-13	-15	-17	-17	-18	-17	-45	-129	
Estimated Outlays	1	-8	-11	-14	-12	-15	-17	-18	-18	-17	-45	-129	

Components may not sum to totals because of rounding.



Basis of Estimate

For this estimate, CBO assumes that each bill will be enacted in fiscal year 2025.

Direct Spending

CBO estimates that enacting H.R. 8235, H.R. 8244, and H.R. 8245 would have no effect on direct spending. CBO estimates that enacting the other three of the six bills would affect direct spending.

H.R. 7931, the Preserving Emergency Access in Key Sites Act, would increase Medicare payments for certain rural ambulance suppliers and hospitals. Payments would rise to 101 percent of what is termed reasonable cost, which is greater than amounts under current law. CBO estimates that enacting the bill would increase direct spending by \$74 million over the 2025-2034 period and that enacting the bill would not affect revenues.

H.R. 8246, the Second Chances for Rural Hospitals Act, would allow critical access hospitals and certain small rural hospitals that closed between January 1, 2014, and December 26, 2020, to reopen as rural emergency hospitals. Those facilities would qualify for additional Medicare payments, including higher reimbursement rates and annual facility payments, depending on their distance from other hospitals. Based on an assessment of the number of additional locations that would become eligible for monthly payments, CBO estimates that enacting the bill would result in about 6,000 additional monthly payments to rural emergency hospitals, increasing Medicare fee-for-service spending by \$2 billion. That change also would increase payments to Medicare Advantage plans. CBO estimates that enacting H.R. 8246 would increase total direct spending by \$3.4 billion over the 2025-2034 period and that enacting the bill would not affect revenues.

H.R. 8816, the American Medical Innovation and Investment Act of 2024, would modify rules for determining national and local coverage in Medicare's programs and revise certain Medicare payments and benefits. CBO estimates that enacting the bill would decrease net direct spending by \$129 million over the 2025-2034 period. The bill would provide \$5 million to the Centers for Medicare & Medicaid Services, which CBO estimates would increase direct spending by the same amount over the 2025-2034 period to implement changes to the national and local coverage process. The bill also would expand Medicare coverage for the home infusion of drugs. CBO estimates that enacting that provision would reduce direct spending by \$134 million over the 2025-2034 period. The bill also would direct the Department of Health and Human Services to conduct a four-year demonstration project offering medically tailored, home-delivered meals to beneficiaries with heart disease, diabetes, or other conditions. CBO estimates that enacting the medically tailored meals demonstration would not significantly affect direct spending over the 2025-2034 period. CBO estimates that enacting the bill would not affect revenues.



Spending Subject to Appropriation

CBO has not completed estimates of spending subject to appropriation for any of the bills.

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 for the three bills that are subject to pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 8246 would increase net direct spending by more than \$2.5 billion in at least one of the four consecutive 10-year periods beginning in 2035. None of the other bills, if enacted, would do so.

CBO estimates that enacting H.R. 8246 would increase on-budget deficits by more than \$5 billion in at least one of the four consecutive 10-year periods beginning in 2025. None of the other bills, if enacted, would do so.

Mandates

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Previous CBO Estimate

On March 13, 2024, CBO transmitted a [cost estimate for H.R. 5397](#), the Joe Fiandra Access to Home Infusion Act of 2023, as ordered reported by the House Committee on Energy and Commerce on December 6, 2023. Section 2 of H.R. 5397 is similar to section 4 of H.R. 8816. Both bills would expand Medicare coverage for the home infusion of drugs.



Estimate Prepared By

Federal Costs:

Austin Barselau (Medicare Advantage and Medicare Part D)

Cornelia Hall (Medicare Part B)

Hudson Osgood (Medicare Part B)

Lara Robillard (Medicare Part B)

Sarah Sajewski (Medicare Part A)

Julia Sheriff (Medicare Part A)

Noah Zwiefel (Medicare Advantage and Medicare Part D)

Mandates: Andrew Laughlin

Estimate Reviewed By

Asha Saavoss

Chief, Health Systems and Medicare Cost Estimates Unit

Kathleen FitzGerald

Chief, Public and Private Mandates Unit

Chad Chirico

Director of Budget Analysis

Estimate Approved By

Phillip L. Swagel

Director, Congressional Budget Office