



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 10, 2018

H.R. 3635

Local Coverage Determination Clarification Act of 2017

As ordered reported by the House Committee on Ways and Means on September 5, 2018

SUMMARY

H.R. 3635 would modify some processes by which private contractors develop coverage and payment policies within the Medicare program. CBO estimates that enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. H.R. 3635 would not affect spending subject to appropriation.

CBO estimates that enacting H.R. 3635 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 3635 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

BASIS OF ESTIMATE

Under current law, private entities known as Medicare Administrative Contractors (MACs) perform many activities necessary to manage Parts A and B of Medicare – the parts of the program that cover hospitalization, physician visits, and other inpatient and outpatient care.¹ The MACs determine Medicare coverage and payment parameters (local coverage decisions or LCDs) for health care services when there is no nationwide policy (national coverage decision or NCD). A contractor's LCDs are effective only for its geographic region and they must be consistent with the Medicare statute and NCDs.

H.R. 3635 would modify some of the processes that MACs use when promulgating LCDs. For example, MACs would be required to publish draft LCDs on a public website and convene public meetings about draft decisions within 60 days. MACs would also have to publish responses to public comments and establish a process for responding to

1. Private health plans and firms separately manage Medicare Advantage (Part C) and the outpatient drug benefit (Part D). More information on MACs is available at <https://www.cms.gov/Medicare/Medicare-Contracting/Medicare-Administrative-Contractors/What-is-a-MAC.html>

requests for review and reconsideration of LCDs. Some of the bill's requirements, such as public posting of draft LCDs, are substantially similar to existing MAC activities.

CBO estimates that the Centers for Medicare and Medicaid Services (CMS) and the MACs would not spend significant additional resources to meet the requirements of H.R. 3635. In addition, CBO does not expect any change in coverage of or payment for Medicare services, so H.R. 3635 would not affect direct spending.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 3635 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 3635 contains no intergovernmental or private-sector mandates as defined in UMRA.

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