



May 11, 2010

Honorable Jerry Lewis  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman:

As you requested, the Congressional Budget Office is providing additional information about the potential effects of H.R. 3590, the Patient Protection and Affordable Care Act (PPACA, Public Law 111-148), on discretionary spending. The following analysis updates and expands upon the analysis of potential discretionary spending under PPACA that CBO provided on March 13, 2010. In particular, it provides an update of the earlier tally of specified authorization amounts, as well as a list of programs or activities for which no specific funding levels are identified in the legislation but for which the act authorizes the appropriation of “such sums as may be necessary.”

Potential discretionary costs under PPACA arise from the effects of the legislation on a variety of federal programs and agencies. The law establishes a number of new programs and activities, as well as authorizing new funding for existing programs. By their nature, however, all such potential effects on discretionary spending are subject to future appropriation actions, which could result in greater or smaller costs than the sums authorized by the legislation. Moreover, in many cases, the law authorizes future appropriations but does not specify a particular amount.

CBO does not have a comprehensive estimate of all of the potential discretionary costs associated with PPACA, but we can provide information on the major components of such costs. Those discretionary costs fall into three general categories:

- The costs that will be incurred by federal agencies to implement the new policies established by PPACA, such as administrative expenses for the Department of Health and Human Services (HHS) and the Internal Revenue Service for carrying out key requirements of the legislation.

- Explicit authorizations for a variety of grant and other program spending for which specified funding levels for one or more years are provided in the act. (Such cases include provisions where a specified funding level is authorized for an initial year along with the authorization of such sums as may be necessary for continued funding in subsequent years.)
- Explicit authorizations for a variety of grant and other program spending for which no specific funding levels are identified in the legislation. That type of provision generally includes legislative language that authorizes the appropriation of “such sums as may be necessary,” often for a particular period of time.

CBO estimates that total authorized costs in the first two categories probably exceed \$115 billion over the 2010-2019 period, as detailed below.<sup>1</sup> We do not have an estimate of the potential costs of authorizations in the third category.

### **Implementation Costs For Federal Agencies**

The administrative and other costs for federal agencies to implement the act’s provisions will be funded through the appropriations process; sufficient discretionary funding will be essential to implement this legislation in the time frame called for. Major costs for such implementation activities will include:

- Costs to the Internal Revenue Service (IRS) of implementing the eligibility determination, documentation, and verification processes for premium and cost-sharing credits. CBO expects that those costs will probably total between \$5 billion and \$10 billion over 10 years.
- Costs to HHS, especially the Centers for Medicare and Medicaid Services, and the Office of Personnel Management for implementing the changes in Medicare, Medicaid, and the Children’s Health Insurance Program, as well as certain reforms to the private insurance market. CBO expects that those costs will probably total at least \$5 billion to \$10 billion over 10 years.

### **Explicit Authorizations of Discretionary Funding**

Explicit authorizations are identified in Tables 1 and 2. Table 1 presents a list of items for which PPACA specifies the authorized amount of funding for at least one year. It also includes items for which initial specified funding levels existed under prior law but for which PPACA extends the authority for continued spending. The specified and estimated amounts shown in Table 1 total about \$105 billion over the 2010-2019 period.

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1. Subsequent legislation, H.R. 4872, the Health Care and Education Reconciliation Act (P.L. 111-152), modified a number of provisions of H.R. 3592. However, H.R. 4872 contains no authorizations or changes in authorizations of discretionary spending.

Table 1 differs from CBO's table of specified authorizations provided on March 13, 2010, in the following ways:

- Certain provisions that extend (existing) authorizations with a specified level have been added. (In the previous version of that table, only new authorizations were included.) Also, provisions that provide mandatory grants for 2010 but authorize future spending of such sums as necessary (subject to appropriation) have been included. Those provisions are noted in the updated table.
- Table 1 includes an estimate of the cost of section 10221 of PPACA, which incorporates the provisions of S. 1790, the Indian Health Care Improvement Reauthorization and Extension Act by reference. (CBO had not completed an estimate of the Indian health provisions for the March 13 version of the authorization table.) Those provisions authorize the appropriation of such sums as are necessary for the Indian Health Service (IHS) for carrying out responsibilities broadly similar to those in law prior to enactment of PPACA. As a result, the amounts included in Table 1 reflect recent appropriations for those IHS programs, with adjustments for anticipated inflation in later years.
- Table 1 also includes a few corrections to the table provided on March 13. For example, section 5207, which authorizes funding for the National Health Service Corps, was inadvertently left off the March 13 table but is included in Table 1.

Table 2 presents a list of new activities for which PPACA includes only a broad authorization for the appropriation of "such sums as may be necessary." For those activities, the lack of guidance in the legislation about how new activities should be conducted means that, in many cases, CBO does not have a sufficient basis for estimating what the "necessary" amounts might be over the 2010-2020 period.

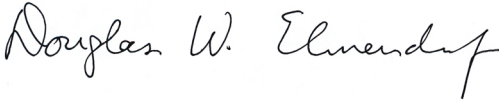
Although Tables 1 and 2 provide more information about the discretionary costs associated with PPACA, they do not represent all of the potential budgetary implications of changes to existing discretionary programs—including both potential increases and decreases relative to recent appropriations. Some of those changes could affect spending under existing authorizations or may lead the Congress to consider making changes—up or down—in the funding for existing programs. Moreover, some of the potential new costs for individual provisions of the legislation may be covered by the broad estimate of \$5 billion to \$10 billion for administrative costs to HHS.

Honorable Jerry Lewis

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I hope you find this information useful. If you have any questions about this updated analysis of PPACA's implications for future discretionary appropriations, please contact me or CBO staff. The primary staff contacts for this analysis are Jean Hearne and Julie Lee.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large initial 'D' and 'E'.

Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable David R. Obey  
Chairman

Identical letter sent to the Honorable Thad Cochran.

**Table 1. Specified and Certain Estimated Authorizations for Spending Subject to Appropriation in H.R. 3590, the Patient Protection and Affordable Care Act (P.L. 111-148)**  
(By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019
											Total
<b>Title I</b>											
1002 Health insurance consumer information <sup>1</sup>	0	31	32	34	36	38	40	41	43	45	340
<b>Title II</b>											
2952 Post-partum depression	3	3	3	0	0	0	0	0	0	0	9
<b>Title III</b>											
3013 Quality measure development	75	75	75	75	75	0	0	0	0	0	375
3129 Extension of Medicare rural hospital flexibility <sup>2</sup>	0	42	44	0	0	0	0	0	0	0	87
3501 Health care delivery system research	20 <= Authorized for fiscal years 2010-2014										20
3504 Regionalized systems for emergency care response	24	24	24	24	24	0	0	0	0	0	120
3505 Trauma care centers	103	105	110	117	124	129	0	0	0	0	689
Grants to states for trauma services	100	100	100	100	100	100	0	0	0	0	600
3510 Patient navigator program <sup>2</sup>	0	4	4	4	4	4	0	0	0	0	20
<b>Title IV</b>											
4304 Epidemiology-laboratory capacity grants	190	190	190	190	0	0	0	0	0	0	760
<b>Title V</b>											
5102 State health care workforce development --											
Planning grants	8	8	8	8	8	8	8	8	8	8	80
Implementation grants	150	154	162	171	181	189	198	206	214	223	1,848
5103 Health care workforce assessment - National center	8	8	8	8	8	0	0	0	0	0	38
State and regional centers	5	5	5	5	5	0	0	0	0	0	23
5203 Health care workforce loan repayment program--											
Pediatric medical and surgical specialists	30	30	30	30	30	0	0	0	0	0	150
Pediatric mental & behavioral health specialists	20	20	20	20	0	0	0	0	0	0	80
5204 Public health workforce loan repayment program	195	200	210	223	235	246	0	0	0	0	1,310
5206 Training for mid-career public and allied health professionals	60	62	65	69	72	76	0	0	0	0	403
5207 Funding for the National Health Service Corps <sup>3</sup>	320	414	535	691	893	1,154	1,204	1,255	1,305	1,357	9,128
5208 Nurse managed health clinics	50	51	54	57	60	0	0	0	0	0	273
5210 Commissioned corp and ready reserve corp	18	18	18	18	18	0	0	0	0	0	88
5301 Primary care training & enhancement	125	128	135	143	151	0	0	0	0	0	682
Integrating academic administrative units	1	1	1	1	1	0	0	0	0	0	4
5302 Training for direct care workers	0 10 <= Authorized for fiscal years 2011-2013										10
5303 Pediatric and public health dentistry	30	31	32	34	36	38	0	0	0	0	201
5305 Geriatric workforce development	0 11 <= Authorized for fiscal years 2011-2014										11
Geriatric career incentive awards	0 10 <= Authorized for fiscal years 2011-2013										10

Continued

**Table 1. Specified and Certain Estimated Authorizations for Spending Subject to Appropriation in H.R. 3590, the Patient Protection and Affordable Care Act (P.L. 111-148)**  
 (By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019	
											Total	
5306 Mental and behavioral health education and training grants	35 <= Authorized for fiscal years 2010-2013										35	
5312 Parts B-D of Title VIII	338	347	364	386	408	427	445	0	0	0	2,715	
5314 Fellowship training in public health	40	40	40	40	0	0	0	0	0	0	158	
5401 Centers of excellence	50	50	50	50	50	50	52	54	57	59	522	
5402 Scholarships for disadvantaged students	51	52	55	58	62	0	0	0	0	0	278	
Loan repayments and fellowships for faculty	5	5	5	5	5	0	0	0	0	0	25	
Educational assistance for individuals from disadvantaged backgrounds	60	62	65	69	72	0	0	0	0	0	327	
5403 Area health education centers	125	125	125	125	125	0	0	0	0	0	625	
Continuing educational support for health professionals in underserved communities	5	5	5	5	5	5	5	6	6	6	53	
5405 Primary care extension program	0	120	120	127	134	0	0	0	0	0	502	
5508 Teaching health centers	25	50	50	53	56	59	61	64	66	69	552	
5601 FQHC grants	2,989	3,862	4,991	6,449	7,333	8,333	0	0	0	0	33,956	
5603 Wakefield emergency medical services program	25	26	28	29	30	0	0	0	0	0	138	
5604 Co-locating primary and specialty mental health care	50	51	54	57	60	0	0	0	0	0	273	
5605 Key national indicators	10	8	8	8	8	8	8	8	8	0	70	
<b>Title VI</b>												
6703 Elder justice--												
Elder Justice Coordinating Council and Advisory Board	0	7	7	7	7	0	0	0	0	0	28	
Elder Abuse, Neglect and Exploitation Forensic Centers	0	4	6	8	8	0	0	0	0	0	26	
Enhancement of LTC	0	20	18	15	15	0	0	0	0	0	68	
Adult protective services - secretarial responsibilities	0	3	4	4	4	0	0	0	0	0	15	
Grants for adult protective services	0	100	100	100	100	0	0	0	0	0	400	
State demonstration programs	0	25	25	25	25	0	0	0	0	0	100	
Grants to support LTC ombudsman program	0	5	8	10	10	0	0	0	0	0	33	
Ombudsman training programs	0	10	10	10	10	0	0	0	0	0	40	
National training institute for surveyors	0	12 <= Authorized for fiscal years 2011-2014										12
Grants to state survey agencies	0	5	5	5	5	0	0	0	0	0	20	

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(By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2019	
											Total	
<b>Title X</b>												
10221 Indian health improvement act (S. 1790) <sup>4</sup>	4,170	3,780	3,840	3,740	3,780	3,750	3,910	3,990	4,070	4,160	39,190	
10408 Grants for workplace wellness programs	0	200	<= Authorized for fiscal years 2011-2015									200
10409 Cures acceleration network	500	514	539	571	603	631	659	686	713	742	6,159	
10410 Centers of excellence for depression	0	100	100	100	100	100	150	150	150	150	1,100	
10412 Automated defibrillation in Adam's memory <sup>2</sup>	25	25	25	25	25	25	25	25	25	25	250	
10413 Young women's breast health awareness	9	9	9	9	9	0	0	0	0	0	45	
10501 Rural physician training grants	4	4	4	4		0	0	0	0	0	16	
Preventive medicine & public health training grants	0	43	45	48	50	53	0	0	0	0	239	
10607 State demonstration programs on alternatives to medical tort litigation	0	50	<= Authorized for fiscal years 2011-2015									<u>50</u>
<b>Total of Specified Authorizations</b>											<b>105,575</b>	

Notes: The table does not represent a comprehensive estimate of discretionary spending authorized by H.R. 3590. It includes:

- Amounts specified in the act, plus estimated authorizations for subsequent years where H.R. 3590 provides a specified authorization for 2010 or 2011 and an authorization of such sums as may be necessary for later years.
- Estimated authorizations for subsequent years where there is an appropriation under prior law for 2010 and H.R. 3590 provides for an authorization of such sums as necessary for later years.

Subsequent legislation, H.R. 4872, the Health Care and Education Reconciliation Act (P.L. 111-152), modified a number of provisions of H.R. 3590. However, H.R. 4872 contains no authorizations or changes in authorizations of discretionary spending.

1. H.R. 3590 authorized and appropriated amounts for 2010 and such sums as necessary for subsequent years. The 2010 amounts were included in the March 13 estimate for H.R. 3590. Spending for years subsequent to 2010 are calculated here to be equal to the 2010 amounts increased (or decreased) based on the CBO's estimates of GDP growth for those subsequent years.
2. Current-law appropriations exist for 2010. H.R. 3590 authorizes such sums as necessary for subsequent years. Those amounts are calculated here to be equal to the 2010 appropriation increased (or decreased) based on the CBO's estimates of GDP growth for those subsequent years.
3. For 2016 and subsequent years, H.R. 3590 establishes a formula for calculating spending authority. Those amounts are estimated here based on the CBO's estimates of GDP growth for those subsequent years.
4. H.R. 3590 incorporates the Indian Health Care Improvement Reauthorization and Extension Act (S. 1790) by reference. That act authorizes the appropriation of such sums as are necessary for the Indian Health Service (IHS) for carrying out responsibilities broadly similar to those in current law. These amounts reflect CBO's baseline for discretionary spending for IHS programs.

FQHC = Federally qualified health centers; LTC = Long-term care

**Table 2. Provisions of H.R. 3590, the Patient Protection and Affordable Care Act (P.L. 111-148), with Authorizations of Appropriations Without Specified Amounts**

<b>Title and Section</b>		
<b>Title II</b>		
2705	Medicaid global payment system demonstration	Such sums as necessary
2706	Pediatric ACO demonstration	Such sums as necessary
<b>Title III</b>		
3015	Data collection of quality and resource use measures	Such sums as necessary for fiscal years 2010-2014
	Public reporting of performance information	Such sums as necessary for fiscal years 2010-2014
3504	Support for emergency medicine research	Such sums as necessary for fiscal years 2010-2014
3506	Shared decisionmaking	Such sums as necessary
3509	HHS Office on women's health	Such sums as necessary for fiscal years 2010-2014
	CDC Office on women's health	Such sums as necessary for fiscal years 2010-2014
	AHRQ Office on women's health	Such sums as necessary for fiscal years 2010-2014
	HRSA Office on women's health	Such sums as necessary for fiscal years 2010-2014
	FDA Office on women's health	Such sums as necessary for fiscal years 2010-2014
3511	General authorizat on of appropriations for sections 3501-3510	Such sums as necessary
<b>Title IV</b>		
4003	Preventive services task force	Such sums as necessary
	Community preventive services task force	Such sums as necessary
4004	Education and outreach campaign regarding preventive benefits	Such sums as necessary
4101	Operations grants for school-based health centers	Such sums as necessary for fiscal years 2010-2014
4102	Oral health prevention activities	Such sums as necessary
	Oral health infrastructure	Such sums as necessary for fiscal years 2010-2014
	Oral health surveillance activites -- PRAMS	Such sums as necessary
	Oral health surveillance system	Such sums as necessary for fiscal years 2010-2014
4201	Community transformation grants	Such sums as necessary for fiscal years 2010-2014
4202	Healthy aging, living well	Such sums as necessary for fiscal years 2010-2014
4204	Demonstration to improve immunization coverage	Such sums as necessary for fiscal years 2010-2014
	Re-authorizat on of immunization program	Such sums as necessary
4206	Demonstration program for individualized wellness plans	Such sums as necessary
4302	Health disparities data	Such sums as necessary for fiscal years 2010-2014
4305	IOM conference on pain	Such sums as necessary for fiscal years 2010-2011
	Program for education & training in pain care	Such sums as necessary for fiscal years 2010-2012
<b>Title V</b>		
5101	National health care workforce commission	Such sums as necessary
5103	Health care workforce assessment -- longitudinal evaluation grants	Such sums as necessary for fiscal years 2010-2014
5304	Alternative dental demonstration project	Such sums as necessary
5305	Comprehensive geriatric education	Such sums as necessary for fiscal years 2010-2014

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**Table 2. Provisions of H.R. 3590, the Patient Protection and Affordable Care Act (P.L. 111-148), with Authorizations of Appropriations Without Specified Amounts**

<b>Title and Section</b>		
5307	Cultural competency training	Such sums as necessary for fiscal years 2010-2015
	Grants for health professions education	Such sums as necessary for fiscal years 2010-2015
5309	Nurse education, practice, and quality grants	Such sums as necessary for fiscal years 2010-2014
	Nurse retention grants	Such sums as necessary for fiscal years 2010-2012
5311	Nurse faculty loan program	Such sums as necessary for fiscal years 2010-2014
5313	Community health workforce grants	Such sums as necessary for fiscal years 2010-2014
<b>Title VI</b>		
6112	National independent monitor demonstration project	Such sums as necessary
6114	Demonstrations on culture change and use of information technology in nursing homes	Such sums as necessary
6703	National nurse aid registry and report	Such sums as necessary
<b>Title VII</b>		
7002	Approval pathway for biosimilar products - user fee program	Such sums as necessary for fiscal years 2010-2012
7102	340B program integrity	Such sums as necessary
<b>Title VIII</b>		
8002	CLASS Independence Advisory Council	Such sums as necessary for fiscal year 2011 and beyond
<b>Title X</b>		
10104	Multi-state plans in exchange	Such sums as necessary
10333	Community based collaborative care program	Such sums as necessary for fiscal years 2011-2015
10334	Office of minority health	Such sums as necessary for fiscal years 2011-2016
10407	Better diabetes care	Such sums as necessary
10411	Programs related to congenital heart disease	Such sums as necessary for fiscal years 2011-2015
10501	Family nurse practitioner training programs	Such sums as necessary for fiscal years 2011-2014
	National diabetes prevention program	Such sums as necessary for fiscal years 2010-2014
10504	Demonstration to provide access to affordable care	Such sums as necessary

Notes: Subsequent legislation, H.R. 4872, the Health Care and Education Reconciliation Act (P.L. 111-152), modified a number of provisions of H.R. 3590. However, H.R. 4872 contains no authorizations or changes in authorizations of discretionary spending.

ACO = Accountable Care Organization; PRAMS = Pregnancy Risk Assessment Monitoring System; IOM = Institute of Medicine; HHS = Health and Human Services; CDC = Centers for Disease Control; AHRQ = Agency for Health Care Research and Quality; HRSA = Health Resources and Services Administration; FDA = Food and Drug Administration; GME = Graduate Medical Education; CLASS = Community Living Assistance Services and Supports