

**Potential Effects
of the Patient Protection and Affordable Care Act
on Discretionary Spending**

Congressional Budget Office
March 15, 2010

In its March 11, 2010, cost estimate for H.R. 3590, the Patient Protection and Affordable Care Act (PPACA), as passed by the Senate, CBO indicated that it has identified at least \$50 billion in specified and estimated authorizations of discretionary spending that might be involved in implementing that legislation. The authority to undertake such spending is not provided in H.R. 3590; it would require future action in appropriation bills. The attached table provides additional information about those authorizations.

Discretionary costs under PPACA would arise from the effects of the legislation on several federal agencies and on a number of new and existing programs subject to future appropriation. Those discretionary costs fall into three general categories:

- Implicit authorization of discretionary costs associated with implementing the new policies established under the legislation; although no provisions in the legislation specifically authorize such spending, it would be necessary for agencies to carry out the responsibilities that would be required of them by the bill.
- Explicit authorizations for a variety of grant and other programs for which specified funding levels for possible future appropriations are set in the act for one or more years. (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 programs for which no funding levels are specified in the legislation.

Implicit authorizations in PPACA include the amounts that federal agencies would need to spend for administrative and other costs to implement the act's provisions. Those costs would be funded through the appropriations process, and sufficient funding would be essential for implementing the

legislation in the intended time frame. Major costs for such activities subject to future appropriation would 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 would probably be between \$5 billion and \$10 billion over 10 years.
- Costs to the Department of Health and Human Services, especially the Centers for Medicare and Medicaid Services, and the Office of Personnel Management of 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 would probably be at least \$5 billion to \$10 billion over 10 years. (The administrative costs of establishing and operating the exchanges were included as direct spending in CBO’s estimate for the legislation.)

A number of provisions of PPACA authorize specific amounts of future appropriations. The attached table presents a list of those, including estimated authorization amounts for subsequent years where applicable. As with all discretionary spending, the amount of funding would depend on future appropriation actions.

The table does not represent a complete estimate of all discretionary costs associated with PPACA, because it excludes the implicit costs to the IRS and HHS that are described above as well as explicit authorizations in PPACA for programs for which amounts of spending are not specified for any year. In particular, the legislation would authorize many additional new activities with a broad authorization of the appropriation of “such sums as may be necessary.” CBO has not yet completed estimates of the amounts of such authorizations, and, in some cases, the legislation does not offer sufficient guidance to determine estimates of what the “necessary” amounts might be.

Specified Authorizations in H.R. 3590, as Passed by the Senate, for Spending Subject to Appropriation
(By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010-2019	
										2019	Total
Title II											
2952 Post-partum depression	3	3	3								9
Title III											
3013 Quality measurement development	75	75	75	75	75						375
3501 Health care delivery system research	20	21	22	23	24						109
3504 Regionalized systems for emergency care	24	24	24	24	24						120
3505 Trauma care centers	103	105	110	117	124	129					689
Grants to states	100	100	100	100	100	100					600
Title IV											
4304 Epidemiology-laboratory capacity grants	190	190	190	190							760
Title V											
5102 State health care workforce development --											
Planning grants	8										8
Implementation	150	154	162	171	181	189	198	206	214	223	1,848
5103 Workforce assessment - National center	8	8	8	8	8						38
State and regional centers	5	5	5	5	5						23
5203 Health care workforce loan repayment program--											
Pediatric medical and surgical	30	30	30	30	30						150
Pediatric behavioral	20	20	20	20							80
5204 Public health workforce loan repayment program	195	200	210	223	235	246					1,310
5206 Training for mid-career and allied health professionals	60	62	65	69	72	76	79				482
5208 Nurse managed health clinics	50	51	54	57	60						273
5210 Commissioned corp and ready reserve corp	18	18	18	18	18						88
5301 Primary care training	125	128	135	143	151						682
Integrating academic administrative units	1	1	1	1	1						4
5302 Training for direct care workers											10
											10 <= Authorized for fiscal years 2011-2013
5303 Pediatric and public health dentistry	30	31	32	34	36	38					201
5305 Geriatric workforce development											11
											11 <= Authorized for fiscal years 2011-2013
Career incentive awards											10
											10 <= Authorized for fiscal years 2011-2013
5306 Mental and behavioral health education and training											35
											35 <= Authorized for fiscal years 2010-2013
5312 Parts B-D of Title VIII	338	347	364	386							1,436

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(By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010-2019	
										2019	Total
5314 Fellowship training	40	40	40	40							158
5401 Centers of excellence	50	50	50	50	50	50	52	54	57	59	522
Scholarships for disadvantaged students	51	52	55	58	62						278
Loan repayments and fellowships for faculty	5	5	5	5	5						25
Education assistance for individuals from disadvantaged backgrounds	60	62	65	69	72						327
5403 Area health education centers	125	125	125	125	125						625
Continuing educational support for health professionals in underserved communities	5	5	5	5	5						25
5404 Primary care extension program		120	120	127	134						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					33,956
5603 Wakefield emergency medical services program	25	26	28	29	30						138
5604 Co-locating primary and specialty mental health care	50	51	54	57	60						273
5605 Key Indicators	10	8	8	8	8	8	8	8	8		70
Title VI											
6703 Elder Justice--											
Elder Justice Coordinating Council and Advisory Board		7	7	7	7						28
Elder Abuse, Neglect and Exploitation Fornsic Centers		4	6	8	8						26
Grants for LTC staffing and EHR		20	18	15	15						68
Adult protective services - secretarial responsibilities		3	4	4	4						15
Grants for adult protective services		100	100	100	100						400
State demonstration programs		25	25	25	25						100
Long-term care ombudsman program		5	8	10	10						33
Ombudsman training programs		1	1	1	1						4
National training institute for surveyers		12 <= Authorized for fiscal years 2011-2014									12
Grants to state surveying agencies		5	5	5	5						20
Title X											
10214 Pregnancy assistance fund	25	25	25	25	25	25	25	25	25	25	250
10408 Grants for workplace wellness programs		200 <= Authorized for fiscal years 2011-2015									200
10409 Cures acceleration network	500	514	539	571	603	631	659	686	713	742	6,159

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(By fiscal year, in millions of dollars)

Title and Section	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010-2019	
										2019	Total
10410 Centers of excellence for depression		100	100	100	100	100	150	150	150	150	1,100
10413 Women's breast health awareness	9	9	9	9	9						45
10501 Rural physician training grants	4	4	4	4							16
10504 Preventive medicine & public health training grants		43	45	48	50	53					239
10607 State demonstration programs on medical tort litigation		50 <= Authorized for fiscal years 2011-2015									<u>50</u>
Total from Specified Authorizations 1/											55,563

- The table does not represent a comprehensive estimate of discretionary spending authorized by H.R. 3590, as passed by the Senate. It includes only amounts specified in the act, plus estimated authorizations for subsequent years where there is an specified authorization for 2010 or 2011 and an authorization of such sums as may be necessary for later years.

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