CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 24, 2018

S. 3120
Helping to End Addiction and Lessen Substance Use Disorders Act of 2018

As reported by the Senate Committee on Finance on June 25, 2018

SUMMARY

On June 25, 2018, the Senate Committee on Finance reported legislation related to the nation's response to the opioid epidemic. Generally, S. 3120 would:

- Expand Medicare and Medicaid coverage of services to treat opioid use disorder;
- Give Medicare providers and health plans additional tools to curtail inappropriate prescribing and use of opioids;
- Require the completion of studies and reports related to various aspects of treatment programs funded under Medicare and Medicaid; and
- Support families struggling with opioid and other substance use disorders.

CBO estimates that enacting S. 3120 would reduce direct spending by $21 million over the 2019-2028 period. In addition, CBO estimates that implementing the bill would cost about $35 million over the same period, assuming appropriation of the necessary and specified amounts. Because enacting S. 3120 would affect direct spending, pay-as-you-go procedures apply. CBO estimates that enacting S. 3120 would not affect revenues.

CBO estimates that enacting S. 3120 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 3120 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated costs of S. 3120 are shown in Tables 1 and 2 below. The effects of the legislation fall within budget functions 550 (health), 570 (Medicare), and 600 (income security).

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted late in 2018 and that authorized and estimated amounts will be appropriated each year. Outlays for discretionary programs are estimated based on historical spending patterns for similar programs.

Uncertainty

CBO aims to produce estimates that generally reflect the middle of a range of the most likely budgetary outcomes that would result if a piece of legislation was enacted. Because data on the utilization of mental health and substance abuse treatment under Medicaid and Medicare are scarce, CBO cannot precisely predict how patients or providers would respond to some of the proposed policy changes or what budgetary effects would result. In addition, several provisions of the legislation would give the Department of Health and Human Services (HHS) considerable latitude in designing and implementing policies, and, depending on policymakers' decisions, budgetary effects could differ from those discussed in this estimate.

Direct Spending

The estimated direct spending effects of S. 3120 are shown in Table 1.

Provisions Primarily Affecting Medicare. The following provisions of Title I of S. 3120 would affect direct spending for the Medicare program.

Section 102, Expanding the Use of Telehealth Services for the Treatment of Opioid Use Disorder and Other Substance Use Disorders, would eliminate the geographic and certain originating-site requirements related to providing services via telehealth to treat substance use disorders among Medicare beneficiaries. Based on current use and the probability that use of telehealth would increase, CBO estimates that enacting section 102 would increase direct spending by $14 million over the 2019-2028 period. (If enacted, section 102 also would affect spending subject to appropriation as discussed below.)

TABLE 1. ESTIMATED CHANGES IN MANDATORY SPENDING

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING													
Title I, Medicare													
Sec. 102, Expanding the Use of Telehealth Services for the Treatment of Opioid Use Disorder and Other Substance Use Disorders[a]													
Estimated Budget Authority	0	0	*	*	1	1	1	2	2	3	4	2	14
Estimated Outlays	0	0	*	*	1	1	1	2	2	3	4	2	14
Sec. 103, Comprehensive Screening for Seniors													
Estimated Budget Authority	0	*	1	1	1	1	1	2	2	2	2	5	14
Estimated Outlays	0	*	1	1	1	1	1	2	2	2	2	5	14
Sec. 104, Every Prescription Conveyed Securely													
Estimated Budget Authority	0	0	0	-24	-35	-33	-30	-33	-32	-31	-32	-92	-250
Estimated Outlays	0	0	0	-24	-35	-33	-30	-33	-32	-31	-32	-92	-250
Sec. 109, Demonstration Testing Coverage of Certain Services Furnished by Opioid Treatment Programs													
Estimated Budget Authority	0	0	0	5	10	15	15	20	5	0	0	30	70
Estimated Outlays	0	0	0	5	10	15	15	20	5	0	0	30	70
Sec. 112, Medicare Improvement Fund													
Estimated Budget Authority	0	0	0	0	0	45	24	0	0	0	0	45	69
Estimated Outlays	0	0	0	0	0	45	24	0	0	0	0	45	69
Subtotal, Title I													
Estimated Budget Authority	0	0	1	-18	-23	29	11	-9	-23	-26	-26	-10	-83
Estimated Outlays	0	0	1	-18	-23	29	11	-9	-23	-26	-26	-10	-83
Title II, Medicaid													
Sec. 206, Help for Moms and Babies													
Estimated Budget Authority	0	1	2	4	5	5	6	6	6	6	7	17	48
Estimated Outlays	0	1	2	4	5	5	6	6	6	6	7	17	48

Continued

TABLE 1. Continued

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Title III, Human Services													
Sec. 302, Improving Recovery and Reunifying Families													
Estimated Budget Authority	0	15	0	0	0	0	0	0	0	0	0	15	15
Estimated Outlays	0	1	3	3	3	2	2	1	0	0	0	12	15
Total													
Estimated Budget Authority	0	16	3	-14	-18	34	17	-3	-17	-20	-19	21	-21
Estimated Outlays	0	2	6	-11	-15	36	19	-2	-17	-20	-19	18	-21

Components may not sum to totals because of rounding.

* = between -$500,000 and $500,000.

a. This section also would affect spending subject to appropriation.

Section 103, Comprehensive Screening for Seniors, would add assessment of current opioid prescriptions and screening for opioid use disorder to the Welcome to Medicare Initial Preventive Physical Examination and the Annual Wellness Visit. Based on past use of those examinations and on pain management alternatives, CBO expects that enacting section 103 would increase use of pain management services and estimates that direct spending would increase by $14 million over the 2019-2028 period.

Section 104, Every Prescription Conveyed Securely, would require prescriptions for controlled substances covered under Medicare Part D to be transmitted electronically, starting on January 1, 2021. According to CBO's analysis, controlled substances account for a small share of total drug spending in Medicare. CBO expects that a small share of such prescriptions will be written by physicians who do not use electronic prescribing technology. As a result those prescriptions would not be filled. Therefore, CBO expects that implementing the provision would reduce the number of prescriptions filled and estimates that Medicare spending overall would be reduced by $250 million over the 2019-2028 period.

Section 109, Demonstration Testing Coverage of Certain Services Furnished by Opioid Treatment Programs, would expand the availability of medication-assisted treatment (MAT) for 2,000 Medicare beneficiaries with opioid use disorder during a five-year

demonstration program[1]. The provision would allow treatment programs certified by the Substance Abuse and Mental Health Services Administration (SAMHSA) to become Medicare-participating providers. Under the demonstration, the Secretary of HHS would create a new schedule of bundled payments for MAT through certified programs and permit the Secretary to define bundles and establish payment rates.

Based on the limit on enrollment specified in the legislation, CBO projects that, beginning in 2021, about 2,000 Medicare beneficiaries who would not be treated for opioid use disorder under current law would newly enroll each year in treatment offered by SAMHSA-certified programs. The annual cost per participant would range from about $6,000 to $10,000, depending largely on the medications dispensed and the period for which beneficiaries adhered to the protocol. To develop a per capita treatment cost, CBO analyzed rates paid by non-Medicare payers and Medicare's spending for health care services typically used by people receiving MAT. CBO estimates that the new MAT benefit would increase direct spending by $70 million (including $5 million in mandatory funding for administrative costs) over the 2019-2028 period.

Section 112, Medicare Improvement Fund, would provide $50 million to make improvements to the Medicare fee-for-service program in fiscal year 2023. Increases in fee-for-service spending increase payments to Medicare Advantage plans and collections of Part B premiums. Taking those effects into account, CBO estimates that section 112 would increase direct spending for Medicare by $69 million over the 2019-2028 period.

Provisions Primarily Affecting Medicaid. One provision of Title II would affect direct spending for the Medicaid program.

Section 206, Help for Moms and Babies, would expand Medicaid coverage for women with substance use disorders who are pregnant or have given birth within the previous 60 days and who are in treatment within an institution for mental disease (IMD). Under current law, the federal government generally does not make matching payments to state Medicaid programs for services provided by IMDs for adults between the ages of 21 and 64. Federal Medicaid payments also may not be made for other health services provided to IMD patients, even if they would be eligible for those services outside an institution. If the provision is enacted, CBO estimates that, each year, about 8,000 pregnant and postpartum women who enter an IMD would continue to receive Medicaid benefits. Based on a review of the literature and the data on the costs of those health services, CBO estimates that implementing the section would increase direct spending by $48 million over the 2019-2028 period.

1. MAT combines behavioral therapy and pharmaceutical treatment for substance use disorders. Under current law, methadone (an opioid used to treat and manage dependence on other drugs, such as heroin) can be dispensed only by SAMHSA-certified treatment programs, which do not participate in Medicare. Other drugs used in MAT, including buprenorphine and naltrexone, can be dispensed more widely.

Human Services. One provision of Title III would affect direct spending for other programs within HHS. Section 302, Improving Recovery and Reunifying Families, would appropriate $15 million for 2019 for HHS to select a family recovery and reunification program for evaluation and report its findings to the public. CBO estimates that implementing the provision would cost $15 million over the 2019-2028 period.

Other Provisions. CBO estimates that enacting the following provisions would affect direct spending, but that effect would not be significant in any year or over the 2019-2028 period:

- Section 105, Standardizing Electronic Prior Authorization for Safe Prescribing;
- Section 110, Encouraging Appropriate Prescribing Under Medicare for Victims of Overdose; and
- Section 211, Mandatory Reporting With Respect to Adult Behavioral Measures.

Spending Subject to Appropriation

Table 2 lists CBO's estimates of the appropriations that would be necessary to implement 12 provisions of S. 3120. One additional provision, in section 303 of the legislation, would authorize a specified amount. All of the estimated spending from implementing those provisions would be subject to appropriation of those specified and estimated amounts.

Section 106, Strengthening Partnerships to Prevent Opioid Abuse, would require the Secretary of HHS to establish a secure Internet portal no later than two years after the bill's enactment to allow HHS, Medicare Advantage plans, and Medicare Part D plans to exchange information about fraud, waste, and abuse among providers and suppliers. Section 106 also would require organizations with Medicare Advantage contracts to submit information on investigations related to providers suspected of prescribing large volumes of opioids through a process established by the Secretary no later than January 2021. Based on historical spending patterns for similar activities, CBO estimates that implementing that provision would cost approximately $9 million over the 2019-2023 period.

TABLE 2. ESTIMATED SPENDING SUBJECT TO APPROPRIATON

	By Fiscal Year, in Millions of Dollars						
	2018	2019	2020	2021	2022	2023	2019-2023
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Sec. 106, Strengthening Partnerships to Prevent Opioid Abuse							
Estimated Authorization Level	0	1	2	2	2	2	9
Estimated Outlays	0	1	2	2	2	2	9
Sec. 107, Commit to Opioid Medical Prescriber Accountability and Safety for Seniors							
Estimated Authorization Level	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5
Sec. 209, Opioid Addiction Treatment Programs Enhancement							
Estimated Authorization Level	0	*	*	*	*	*	1
Estimated Outlays	0	*	*	*	*	*	1
Sec. 303, Building Capacity for Family-Focused Residential Treatment							
Authorization Level	0	20	0	0	0	0	20
Estimated Outlays	0	10	8	2	0	0	20
Total							
Authorization Level	0	22	3	3	3	3	35
Estimated Outlays	0	12	11	5	3	3	35

Components may not sum to totals because of rounding.

* = between zero and $500,000.

Section 107, Commit to Opioid Medical Prescriber Accountability and Safety for Seniors, would require the Secretary of HHS on an annual basis to identify high prescribers of opioids and furnish them with information about proper prescribing methods. In addition, those high prescribers could receive technical assistance on and educational resources regarding opioid prescribing from entities that provide such tools. Based on historical

spending patterns for similar activities, CBO estimates that implementing that provision would cost approximately $5 million over the 2019-2023 period.

Section 209, Opioid Addiction Treatment Programs Enhancement, would require the Secretary of HHS to publish data on the prevalence of substance use disorders among Medicaid beneficiaries and on the services provided for their treatment. Based on information provided by HHS, CBO estimates that implementing section 209 would cost approximately $1 million over the 2019-2023 period.

Section 303, Building Capacity for Family-Focused Residential Treatment, would authorize $20 million in 2019 for the Secretary of HHS to award grants to increase access to certain family-focused residential treatment programs. Based on historical spending patterns for similar activities, CBO estimates that implementing this section would cost about $20 million over the 2019-2023 period.

Other Provisions. CBO estimates that implementing each of the following provisions would cost less than $500,000 over the 2019-2023 period:

- Section 102, Expanding the Use of Telehealth Services for the Treatment of Opioid Use Disorder and Other Substance Use Disorders, (If enacted, section 102 also would affect direct spending, as discussed on page 4);

- Section 202, Peer Support Enhancement and Evaluation Review;

- Section 203, Medicaid Substance Use Disorder Treatment via Telehealth;

- Section 204, Enhancing Patient Access to Nonopioid Treatment Options;

- Section 205, Assessing Barriers to Opioid Use Disorder Treatment;

- Section 208, Medicaid and CHIP Payment and Access Commission Study and Report on MAT Utilization Controls Under State Medicaid Programs;

- Section 212, Report on Innovative State Initiatives and Strategies to Provide Housing-Related Services and Supports to Individuals Struggling With Substance Use Disorders Under Medicaid;

- Section 213, Technical Assistance and Support for Innovative State Strategies to Provide Housing-Related Supports Under Medicaid; and

- Section 301, Supporting Family-Focused Residential Treatment.

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.

TABLE 3. CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR S. 3120, THE HELPING TO END ADDICTION AND LESSEN (HEAL) SUBSTANCE USE DISORDERS ACT OF 2018, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON FINANCE ON JUNE 25, 2018

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Change in Outlays	0	2	6	-11	-15	36	19	-2	-17	-20	-19	18	-21
Statutory Pay-As-You-Go Effect	0	2	6	-11	-15	36	19	-2	-17	-20	-19	18	-21

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 3120 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

S. 3120 contains no intergovernmental or private-sector mandates as defined in UMRA. For large entitlement grant programs, including Medicaid, UMRA defines an increase in the stringency of conditions on states or localities as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. Because states possess significant flexibility to alter their responsibilities within Medicaid, the requirements imposed on states by the bill would not constitute intergovernmental mandates as defined in UMRA.

Participation in Medicaid and Medicare is voluntary for private entities. Therefore, any requirements in the bill arising from participation in those programs would not constitute private-sector mandates as defined in UMRA. Other requirements in the bill not related to those programs would be incurred voluntarily, and also would not constitute mandates as defined in UMRA.

PREVIOUS CBO ESTIMATES

On June 6, 2018, CBO issued estimates for 7 opioid-related bills ordered reported by the House Committee on Ways and Means on May 16, 2018, and for 59 opioid-related bills ordered reported by the House Committee on Energy and Commerce on May 9 and May 17, 2018.[2] Several of those bills contain provisions that are identical or similar to those in S. 3120, and for those provisions, CBO's estimates are the same. In particular:

- Section 102, which would expand the use of telehealth services for the treatment of opioid use disorder and other substance use disorders, is similar to H.R. 5603.

- Section 103, regarding comprehensive screening for Medicare beneficiaries, is similar to H.R. 5798.

- Section 104, which would mandate electronic transmission of prescriptions for opioids, is similar to H.R. 3528.

- Section 105, which would standardize electronic prescribing requirements, is similar to H.R. 4841.

- Section 106, which would require sharing of information among the federal government and Medicare prescription drug and health plans, is similar to H.R. 5715.

- Section 211, which would require states to include behavioral health measures in their annual reports on the quality of care under Medicaid, is identical to H.R. 5583.

2. See Congressional Budget Office, "Opioid Legislation, as ordered reported by the House Committee on Ways and Means on May 16, 2018," (June 6, 2018), https://go.usa.gov/xUrxr (PDF, 142 KB); and "Opioid Legislation, as ordered reported by the House Committee on Energy and Commerce on May 9 and May 17, 2018," (June 6, 2018) https://go.usa.gov/xUrcd (PDF, 210 KB).

ESTIMATE PREPARED BY

Federal Costs

Medicare:	Philippa Haven, Lara Robillard, Sarah Sajewski, Colin Yee, Rebecca Yip
Medicaid:	Alice Burns, Emily King, Andrea Noda, Lisa Ramirez-Branum
Human Services:	Susanne Mehlman
Mandates:	Andrew Laughlin

ESTIMATE REVIEWED BY

Tom Bradley
Chief, Health Systems and Medicare Cost Estimates Unit

Chad M. Chirico
Chief, Low-Income Programs and Prescription Drugs Cost Estimates Unit

Sheila M. Dacey
Chief, Income Security and Education Cost Estimates Unit

Susan Willie
Chief, Mandates Unit

Leo Lex
Deputy Assistant Director for Budget Analysis

Theresa A. Gullo
Assistant Director for Budget Analysis