CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 27, 2017

H.R. 3729
Comprehensive Operations, Sustainability, and Transport Act of 2017

As ordered reported by the House Committee on Ways and Means on September 13, 2017

SUMMARY

H.R. 3729 would impose new reporting requirements on entities that furnish ambulance services to Medicare beneficiaries. The bill would also extend Medicare payments for ambulance services that would otherwise expire under current law and reduce the payment rate for certain ambulance services. CBO estimates that enacting H.R. 3729 would reduce net direct spending by about $895 million over the 2018-2027 period.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. The legislation would not affect revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3729 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3729 is shown in the following table. The costs of this legislation fall within budget function 570 (Medicare).

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
INCREASES OR DECREASES (-) IN DIRECT SPENDING													
Estimated Budget Authority	0	150	90	60	55	50	-160	-235	-270	-300	-335	405	-895
Estimated Outlays	0	150	90	60	55	50	-160	-235	-270	-300	-335	405	-895

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3729 will be enacted early in fiscal year 2018.

H.R. 3729 would require the Centers for Medicare and Medicaid Services (CMS) to implement a new system through which suppliers of ambulance services would submit data on the costs they incur to provide services to Medicare beneficiaries.[1] CMS would be required to have this new cost-reporting system in place by January 1, 2020. The bill would appropriate $100 million to CMS to support creation of that new cost-reporting system and would also appropriate whatever sums are necessary to hire two new employees. Based on historical spending patterns for CMS program management activities and on data about the typical cost of a full-time employee, currently about $135,000 per year, CBO estimates that developing the new cost-reporting system would cost about $103 million over the 2017-2027 period.

Once the new system is operational, suppliers who fail to submit those reports could be subject to payment suspensions or reductions. H.R. 3729 would allow the Secretary of Health and Human Services to exempt certain low-volume providers from the new reporting requirement. The Secretary could also grant hardship delays to small suppliers. Based on a longstanding pattern of granting waivers and working with providers to bring them into compliance with new requirements—rather than imposing financial penalties—CBO expects that the Secretary would not penalize any suppliers and estimates that no payments would be suspended or reduced.

H.R. 3729 would extend certain Medicare add-on payments to ambulance providers and suppliers that would otherwise expire on December 31 of this year. Those add-on payments are linked to the geographic location (urban, rural, or super-rural, as defined by zip code) in which the trip begins. H.R. 3729 would extend these payments for five years, though 2022 as follows:

- For trips in urban areas, an increase of 2 percent applied to the base payment and to a payment per mile traveled;

- An upward adjustment of 3 percent to the base payment and to mileage for trips in rural areas; and

- In super-rural areas, an add-on payment of 22.6 percent, applied only to the base rate and not to mileage. The super-rural adjustment is not specified in the statute, but is instead calculated by CMS.

1. The Medicare program makes a distinction between *providers* of ambulance services, which are based at institutions (such as a hospital), and *suppliers* of ambulance services, which are not based at institutions. Suppliers could be affiliated with a fire station or could be a for-profit company. Providers already submit cost reports to CMS.

CBO estimates that extending those add-on payments would increase direct spending by about $1 billion over the 2017-2027 period.

Ambulance suppliers and providers can furnish non-emergency transportation for beneficiaries who are traveling to or from renal dialysis services. Under current law, the fee that Medicare pays for those trips is reduced by ten percent if the ambulance offers basic life-support level services. Under H.R. 3729, that reduction would total 32 percent, beginning October 1, 2018; CBO estimates that direct spending would decrease by about $2 billion over the 2017-2027 period as a result.

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 that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3729, as ordered reported by the House Committee on Ways and Means on September 13, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	150	90	60	55	50	-160	-235	-270	-300	-335	405	-895

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3729 contains no private-sector or intergovernmental mandates as defined in UMRA.

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