Congressional Budget Office
Cost Estimate

September 10, 2019

At a Glance

H.R. 3436, Improving Chronic Care Management Act

As ordered reported by the House Committee on Ways and Means on June 26, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	335	790
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	335	790
Spending Subject to Appropriation (Outlays)	0	0	0

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	< $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- End patient cost sharing for chronic care management (CCM) services under the Medicare fee-for-service program

Estimated budgetary effects would primarily stem from

- Medicare's payment of the full amount for CCM services

Areas of significant uncertainty include

- Projecting the number of Medicare beneficiaries who would use CCM services

Detailed estimate begins on the next page.

Bill Summary

H.R. 3436 would end patients' cost-sharing responsibilities for chronic care management services under Medicare.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3436 is shown in Table 1. The costs of the legislation fall within budget function 570 (Medicare).

Table 1.
Estimated Budgetary Effects of H.R. 3436

	By Fiscal Year, Millions of Dollars												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2024	2019-2029
Net Increase in the Deficit From Changes in Direct Spending													
Estimated Budget Authority	0	25	70	75	80	85	90	90	90	95	90	335	790
Estimated Outlays	0	25	70	75	80	85	90	90	90	95	90	335	790

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted near the end of 2019.

Direct Spending

In 2015, Medicare began to pay for CCM services for beneficiaries who have two or more chronic conditions that are expected to last at least 12 months or until the death of the patient. CCM services are electronic and provided remotely. Examples of such services include developing comprehensive care plans and management, providing access to around-the-clock care and transitional care management, and coordinating home- and community-based care. Medicare patients must consent to receiving the services and acknowledge their cost-sharing responsibilities. Under its fee-for-service program, Medicare typically pays 80 percent of the physician fee schedule amount, and beneficiaries pay the remaining 20 percent. In 2018, about 4 million CCM services were provided to Medicare beneficiaries and, on average, patient's monthly cost sharing totaled about $11 per service.

Beginning in 2020, H.R. 3436 would eliminate cost sharing for CCM services. CBO estimates that removing the cost sharing requirement would increase the number of CCM services provided to chronically ill individuals by about 200,000 (a five percent increase) in 2020, increasing to about 1 million additional services (a 25 percent increase) by 2029. Under H.R. 3436, Medicare would pay the full fee schedule amount, which would increase direct spending by $25 million in 2020 and by $790 million over the 2019-2029 period.

Uncertainty
CBO cannot precisely estimate the number of Medicare beneficiaries who would use CCM services once cost sharing ends. Because coverage of CCM services is relatively new to the Medicare program, it is possible that the number of beneficiaries using CCM services could be higher or lower than CBO anticipated.

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 Table 1.

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 3436 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2030.

Mandates: None

Estimate Prepared By

Federal Costs: Lori Housman

Mandates: Andrew Laughlin

Estimate Reviewed By

Tom Bradley
Chief, Health Systems and Medicare Cost Estimates Unit

Leo Lex
Deputy Assistant Director for Budget Analysis

Theresa Gullo
Assistant Director for Budget Analysis