

Additional Information on the Potential Discretionary Costs of Implementing the Patient Protection and Affordable Care Act (PPACA)

On March 13, 2010, CBO provided preliminary information about the potential effects of the Patient Protection and Affordable Care Act on discretionary spending. (Because of time constraints, CBO could not do a complete analysis of discretionary costs at that time.) CBO described discretionary effects of those provisions that could total at least \$60 billion over 10 years (\$50 billion in specified items and at least \$10 billion in estimated costs to the Internal Revenue Service and the Department of Health and Human Services).

Since then, CBO has had an opportunity to analyze other provisions with potential effects on discretionary spending. On May 11, 2010, CBO added to its previous analysis, identifying additional discretionary items including those authorized under current law but continued in PPACA, and some additional items for which the legislation would authorize continued funding after 2010. That information, provided in identical letters to Congressman Jerry Lewis and Senator Thad Cochran, also provided 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.” The May 11 letter identified possible discretionary spending of at least \$115 billion over the 2010-2019 period. Whether that spending will ultimately occur will depend on future appropriation actions.

The potential discretionary costs identified in both CBO’s earlier analysis and the letters provided on May 11 include many items whose funding would be a continuation of recent funding levels for health-related programs or that were previously authorized and that PPACA would authorize for future years. Some of those items include:

- Section 3129 – Extension of Medicare rural hospital flexibility program (\$0.1 billion over the 2010–2019 period)
- Section 5207 – Funding for the National Health Service Corp (\$9.1 billion over the 2010–2019 period)
- Section 5312 – Funding for Parts B-D of Title VIII of the Public Health Service Act (relating to nursing workforce development) (\$2.7 billion over the 2010–2019 period)
- Section 5401 – Centers of Excellence (\$0.5 billion over the 2010–2019 period)
- Section 5402 – Scholarships, loans and educational assistance relating to students from disadvantaged backgrounds (\$0.6 billion over the 2010–2019 period)
- Section 5601 – Federally qualified health center grants (\$33.6 billion over the 2010–2019 period)
- Section 5603 – Wakefield emergency medical services program (\$0.1 billion over the 2010–2019 period)

- Section 10221 – Indian health improvement act (\$39.2 billion over the 2010–2019 period)
- Section 10412 -- Automated defibrillation (\$0.25 billion over the 2010–2019 period)

CBO estimates that the amounts authorized for these items exceed \$86 billion over the 10-year period (out of the roughly \$105 billion total shown in the table that was provided along with the May 11 letter). Thus, CBO’s discretionary baseline, which assumes that 2010 appropriations are extended with adjustments for anticipated inflation, already accounts for much of the potential discretionary spending under PPACA.

In addition, there are a number of other items that could overlap some or even by a considerable amount with current law activities assumed in CBO’s baseline. Title V of PPACA includes many of those items. For example, section 5210 and sections 5301-5303 of PPACA replace provisions of prior law with new provisions offering a great deal more detail. The May 11 letter addresses these potential sources of overlap. The last paragraph on page 3 of that letter states: “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...”