



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 4, 2006

**S. 3678
Pandemic and All-Hazards Preparedness Act**

As ordered reported by the the Senate Committee on Health, Education, Labor, and Pensions on July 19, 2006

SUMMARY

S. 3678 would amend the Public Health Service Act to establish the Department of Health and Human Services (HHS) as the primary federal agency for coordinating the response to public health and medical emergencies. The bill would authorize funding for certain activities that would support the readiness of the public health system to address those emergencies. It also would authorize funding for information technology and for grants to encourage individuals to work in needed public health areas.

Other provisions of the bill would reauthorize a program to improve the capacity of medical facilities responding to public health emergencies and would authorize new funding for expanding and training the public health workforce. It also would require the Secretary of HHS to evaluate how federal assets could aid in supporting surge capacity and authorize the Secretary to waive certain hospital requirements when developing pandemic flu plans.

CBO estimates that implementing S. 3678 would cost \$297 million in 2007 and about \$6 billion over the 2007-2011 period, assuming the appropriation of the necessary amounts. Enacting the bill would not affect direct spending or receipts.

S. 3678 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State, local, and tribal governments would benefit from grants and cooperative agreements authorized by the bill; any matching requirements for receiving such funds would be conditions of assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3678 is shown in the following table. The costs of this legislation fall within budget function 550 (health) and 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority/Estimated Authorization Level ^a	1,811	84	87	89	91	94
Estimated Outlays	1,760	1,645	523	260	120	106
Proposed Changes						
Public Health Security Preparedness						
Improving State and Local Capacity						
Estimated Authorization Level	0	834	841	857	874	892
Estimated Outlays	0	125	610	733	813	845
Using Information Technology						
Estimated Authorization Level	0	102	104	106	108	110
Estimated Outlays	0	36	77	94	101	106
Public Health Workforce Enhancements						
Estimated Authorization Level	0	20	20	21	21	0
Estimated Outlays	0	1	3	14	29	24
All-Hazards Medical Surge Capacity						
National Disaster Medical System						
Estimated Authorization Level	0	35	36	37	38	39
Estimated Outlays	0	7	27	33	36	38
Medical Reserve Corps						
Estimated Authorization Level	0	12	12	13	13	13
Estimated Outlays	0	6	10	12	12	13
Health Professional Volunteers						
Estimated Authorization Level	0	7	7	7	7	8
Estimated Outlays	0	4	6	7	7	7
Education and Training						
Estimated Authorization Level	0	46	47	48	49	50
Estimated Outlays	0	16	35	42	46	48

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	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
State and Regional Hospital Preparedness						
Estimated Authorization Level	0	474	484	493	503	513
Estimated Outlays	0	71	348	421	467	486
Veterans Affairs Medical Centers						
Estimated Authorization Level	0	35	36	36	37	38
Estimated Outlays	0	32	36	36	37	38
Total Proposed Changes						
Estimated Authorization Level	0	1,565	1,587	1,618	1,650	1,662
Estimated Outlays	0	297	1,151	1,393	1,549	1,604
Spending Under S. 3678						
Estimated Authorization Level ^a	1,811	1,649	1,673	1,707	1,742	1,756
Estimated Outlays	1,760	1,942	1,674	1,653	1,669	1,710

a. The 2006 level is the amount appropriated for that year for payments for certain public health preparedness activities at the Department of Health and Human Services, the National Disaster Medical System at the Department of Homeland Security, and the Department of Veterans Affairs. The current law amounts for the 2007-2011 period reflect HHS programs that CBO assumes will continue under current law and assumes that appropriations for those programs will remain at the 2006 level with adjustments for anticipated inflation.

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 3678 will be enacted near the end of this fiscal year and that the authorized amounts will be appropriated for each year.

Public Health Security Preparedness

S. 3678 contains several provisions that would authorize funding for activities to improve the preparedness of the health care system.

Improving State and Local Capacity. The bill would reauthorize a program that provides grants to state and local governments to strengthen their health care systems to respond to public health emergencies. It also would require states to submit plans for dealing with pandemic influenza and contribute matching funds as a condition of receiving grants.

Authorization for the grant program will expire at the end of fiscal year 2006. In 2006, \$1.1 billion was appropriated to the Centers for Disease Control (CDC) to administer the grants. The provision would authorize the appropriation of \$824 million for 2007 and such sums as may be necessary for fiscal years 2008 through 2011. In addition, the bill would authorize the appropriation of \$10 million for 2007 for coordination activities with the Department of Homeland Security. Based on historical spending patterns for the current grant program, CBO estimates that implementing these provisions would cost \$125 million in 2007 and \$3.1 billion over the 2007-2011 period, assuming appropriation of the authorized amounts.

Using Information Technology. S. 3678 also would require HHS to expand the use of information technology in its disease detection efforts. Under current law, CDC facilitates communication between levels of government about the results of disease surveillance activities. The provision would require HHS to expand on those disease detection efforts and develop—within two years of enactment—an electronic network between levels of government that is interoperable and includes standardized data and information. It also would authorize grants to states to implement the electronic network and to certain other entities to purchase diagnostic equipment for clinical analysis. For those purposes, the bill would authorize a total of \$102 million in 2007 and such sums as are necessary for the 2008-2011 period. Based on historical spending patterns for HHS grant programs to states and departmental administration, CBO estimates that implementing this provision would cost \$36 million in 2007 and \$414 million for fiscal years 2007 through 2011, assuming the appropriation of the authorized amounts.

Public Health Workforce Enhancements. The bill would authorize new activities for the National Health Service Corps, an agency of the Health Resources and Services Administration (HRSA), that provides scholarship and loan repayment to health professionals. The bill would authorize the appropriation of such sums as necessary for the 2007-2010 period for a demonstration project that would forgive loans for health care workers who agree to work in public health departments that serve areas at risk of a public health emergency. Additionally, the bill would authorize the appropriation of such sums as are necessary for the 2007-2010 period for grants to states to develop and run loan-forgiveness programs specifically targeted to public health emergencies. Based on information from HRSA, CBO estimates that implementing those provisions would increase the funding requirements for the National Health Service Corps in 2007 by \$20 million—about 15 percent of the 2006 appropriation. Based on spending patterns for similar HRSA grant programs, CBO estimates that implementing these two provisions would cost \$1 million in 2007 and \$72 million over the 2007-2010 period, assuming the appropriation of the necessary amounts.

Distribution of Flu Vaccines. S. 3678 also would codify the current practice of allowing the Secretary to collaborate with officials in state and local governments and private entities to track the distribution of pandemic flu vaccine and promote effective distribution of seasonal flu vaccine. The bill would authorize the appropriation of such sums as are necessary for those purposes. Under current law, the CDC already performs those activities and CBO estimates this provision would have no significant budgetary effect.

All-Hazards Medical Surge Capacity

S. 3678 would provide funding for activities to increase the capacity of the medical system to handle a surge of patients in an emergency.

National Disaster Medical System (NDMS). The bill would transfer authority for the NDMS from the Department of Homeland Security to HHS and would reauthorize the program. The NDMS, currently operated by the Federal Emergency Management Agency, deploys teams of health care professionals and medical supplies to disaster areas to provide medical care and veterinary and mortuary services. The NDMS is funded through discretionary appropriations, which totaled \$34 million in fiscal year 2006. Authorization for the NDMS expires at the end of fiscal year 2006. The bill would authorize the appropriation of such sums as necessary for the 2007-2011 period for NDMS activities. CBO expects that the program would continue to need the same level of funding provided in 2006, adjusted for anticipated inflation. CBO estimates that implementing this provision would cost \$7 million in 2007 and \$141 million over the 2007-2011 period, assuming the appropriation of necessary amounts.

Medical Reserve Corps. S. 3678 also would codify and expand the Medical Reserve Corps, a community-based program composed of volunteers who provide assistance in the event of a public health emergency. The Medical Reserve Corps is administered by HHS's Office of the Surgeon General and was funded with an appropriation of \$10 million in 2006. CBO estimates that level of funding, adjusted for inflation, would continue under current law. The provision would authorize appropriations of \$22 million in 2007 and such sums as are necessary for the 2008-2011 period for HHS to operate and ensure greater national coordination of the program. Thus, CBO estimates that the provision would increase the level of authorized appropriations by \$12 million. Based on spending patterns for HHS administrative activities, CBO estimates that implementing the provision would cost \$6 million in 2007 and \$53 million over the 2007-2011 period, assuming the appropriation of authorized amounts.

Health Professional Volunteers. The bill also would reauthorize an emergency system to register health care volunteers who want to respond to public health emergencies. The bill also would modify requirements for electronically linking state information about those

volunteers. No appropriations were provided for this activity in 2006. The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2007 through 2011. Based on information provided by HHS, CBO estimates that implementing this provision would cost \$4 million in 2007 and \$31 million over the 2007-2011 period, assuming the appropriation of necessary amounts.

Education and Training. The bill would authorize the appropriation of a total of \$46 million in 2007, and such sums as are necessary for the 2008-2011 period, for certain training activities conducted at the CDC. Those activities include the development of curricula and training programs for public health and medical response to emergencies, the expansion of the Epidemic Intelligence Service (a cadre of CDC professionals who investigate disease outbreaks), and for curricula development at CDC's Centers for Public Health Preparedness. Based on spending patterns for similar activities, CBO estimates that implementing this provision would cost \$16 million in 2007 and \$187 million over the 2007-2011 period, assuming the appropriation of the necessary amounts.

State and Regional Hospital Preparedness. The bill also would reauthorize a program that provides grants to communities and hospitals to improve their ability to serve a large influx of patients in a public health emergency. In 2006, \$496 million was appropriated to HRSA to administer the grants. The provision would authorize the appropriation of \$474 million in 2007 and such sums as may be necessary for fiscal years 2008 through 2011. Based on historical spending patterns for this grant program, CBO estimates that implementing this provision would cost \$71 million in 2007 and \$1.8 billion over the 2007-2011 period, assuming the appropriation of the necessary amounts.

Veterans Affairs Medical Centers. S. 3678 also would reauthorize and expand emergency preparedness activities at medical centers operated by the Department of Veterans Affairs (VA). In total, \$131 million was appropriated for emergency preparedness activities in 2006 at the VA. The bill would reauthorize a subset of activities where the the VA provides medical, logistical, and training support to HHS to respond to public health emergencies. The bill would authorize the appropriation of such sums as necessary for the 2007-2011 period for those purposes. Based on information from the VA, CBO estimates that about \$35 million would be required in 2007 to perform those activities and that, assuming appropriation of the necessary amounts, the provision would cost \$32 million in 2007 and \$178 million over the 2007-2011 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3678 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments would benefit from grants and cooperative agreements authorized by the bill; any matching requirements for receiving such funds would be conditions of assistance.

ESTIMATE PREPARED BY:

Federal Costs: Jeanne De Sa

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Stuart Hagen

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis