Congressional Budget Office
Cost Estimate

October 1, 2020

## H.R. 5821, Helping Our Senior Population in Comfort Environments Act

**As ordered reported by the House Committee on Ways and Means on February 12, 2020**

| By Fiscal Year, Millions of Dollars | 2021 | 2021-2025 | 2021-2030 |
|---|---|---|---|
| Direct Spending (Outlays) | 0 | -26 | -136 |
| Revenues | 0 | 22 | 52 |
| Increase or Decrease (-) in the Deficit | 0 | -48 | -188 |
| 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 2031? | No | Contains intergovernmental mandate? | No |
| | | Contains private-sector mandate? | No |

H.R. 5821 would require hospice programs participating in Medicare to undergo periodic surveys to ensure they comply with federal standards. Under the bill, the Secretary of Health and Human Services (HHS) could collect civil monetary penalties from programs that fail to meet those standards. Under the bill, hospice providers that fail to report certain data to the Centers for Medicare & Medicaid Services (CMS) would be subject to a reduction in federal payments that is larger than the reduction applied under current law.

### Provisions Affecting Direct Spending

Overall, CBO estimates that H.R. 5821 would reduce net direct spending by $136 million over the 2021-2030 period (see Table 1).

Since 2014, hospice programs that do not report certain quality data to CMS have been subject to a 2 percent reduction in their annual payments. Using information on the share of hospice programs that do not now report such data, CBO estimates that over the 2021-2030 period, programs accounting for about 15 percent of Medicare's payments to hospices will be subject to the current-law reduction. Starting in 2023, H.R. 5821 would increase the reduction to 4 percent. CBO estimates that under the bill, the number of hospices that do not report would decline, and 10 percent of Medicare's payments to hospices would be subject to the 4 percent reduction. CBO estimates that the provision would decrease direct spending by $277 million over the 2021-2030 period.

Beginning in 2022, the bill would provide for a transfer of $10 million annually from the Hospital Insurance (HI) Trust Fund to CMS to fund surveys of hospice programs. The funds would cover the cost of training surveyors and reviewing and publishing survey results. CBO estimates that CMS would receive $90 million in transfers from the HI trust fund over the 2021-2030 period and that it would spend those amounts over the period to implement the new requirements.

The bill would also give the Secretary authority to assess penalties on hospice providers for failing to comply with certain Medicare requirements. The Secretary would then be able to spend amounts that are collected. CBO estimates that the new authority would increase federal spending by $51 million over the 2021-2030 period. The revenues collected under this provision are discussed below.

## Provision Affecting Direct Spending and Revenues

Under current law, the Secretary of HHS cannot impose civil monetary penalties when a hospice provider fails to comply with certain Medicare requirements. H.R. 5821 would give the Secretary authority to assess penalties of up to $10,000 for each day that a provider is found not to be in compliance. Under the bill, the Secretary of HHS could then spend revenues collected in this manner on efforts to improve the Medicare program. Using information on the number of hospice programs that have received termination notices from CMS, CBO estimates that under this provision, the federal government would collect $52 million in revenues over the 2021-2030 period.

## Uncertainty

The key source of uncertainty in this estimate is accurately assessing the number of hospices that do not report quality data to CMS. Hospice providers vary greatly in their size and business model, and it is difficult to anticipate their decision making about whether to report data under the increased payment reduction. Savings under the bill could be larger or smaller than CBO estimates depending on the number of hospice providers that report data.

The CBO staff contact for this estimate is Sarah Sajewski. The estimate was reviewed by Paul Masi, Unit Chief for Health Systems and Medicare, and Leo Lex, Deputy Director of Budget Analysis.

**Table 1.**
**Estimated Budgetary Effects of H.R. 5821**

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2021-2025 | 2021-2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **By Fiscal Year, Millions of Dollars** | | | | | | | | | | | |
| | **Net Increase or Decrease (-) in Direct Spending Outlays** | | | | | | | | | | | |
| Funding for Hospice Surveys[a] | 0 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 40 | 90 |
| Increasing the Reduction in Payments for Hospices Not Reporting Quality Data[a] | 0 | 0 | -27 | -29 | -31 | -33 | -35 | -38 | -40 | -44 | -87 | -277 |
| Spending From Authority to Apply a Civil Monetary Penalty[b] | | | | | | | | | | | | |
| Budget Authority | 0 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 22 | 52 |
| Outlays | 0 | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 21 | 51 |
| Total Changes in Direct Spending | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 15 | -12 | -13 | -15 | -17 | -19 | -22 | -24 | -28 | -25 | -135 |
| Estimated Direct Spending | 0 | 14 | -12 | -13 | -15 | -17 | -19 | -22 | -24 | -28 | -26 | -136 |
| | **Increases in Revenues** | | | | | | | | | | | |
| Revenues From Authority to Apply a Civil Monetary Penalty[b] | 0 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 22 | 52 |
| | **Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues** | | | | | | | | | | | |
| Effect on the Deficit | 0 | 9 | -17 | -19 | -21 | -23 | -25 | -28 | -30 | -34 | -48 | -188 |

Components may not sum to totals because of rounding; estimates are relative to CBO's March 2020 Baseline.

a. Budget authority equals outlays.

b. Proposal would increase both direct spending and revenues, which are shown separately.