# Congressional Budget Office
## Cost Estimate

April 9, 2021

## At a Glance

### H.R. 1195, Workplace Violence Prevention for Health Care and Social Service Workers Act

**As ordered reported by the House Committee on Education and Labor on March 24, 2021**

| By Fiscal Year, Millions of Dollars | 2021 | 2021-2026 | 2021-2031 |
|---|---|---|---|
| Direct Spending (Outlays) | 0 | 40 | 70 |
| Revenues | 0 | 0 | 0 |
| Increase or Decrease (-) in the Deficit | 0 | 40 | 70 |
| Spending Subject to Appropriation (Outlays) | * | 18 | not estimated |

| | |
|---|---|
| Statutory pay-as-you-go procedures apply? | Yes |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032? | < $5 billion |

**Mandate Effects**

| | |
|---|---|
| Contains intergovernmental mandate? | Yes, Over Threshold |
| Contains private-sector mandate? | Yes, Over Threshold |

* = between zero and $500,000.

**The bill would**

- Require the Secretary of Labor to issue an interim final standard and a final standard based on existing Occupational Safety and Health Administration (OSHA) guidelines to prevent workplace violence
- Require certain employers in the health care and social service sectors and employers conducting related activities in those sectors to develop and implement plans to protect against and prevent workplace violence
- Require hospitals and skilled nursing facilities to comply with the new standard as a condition of a Medicare provider agreement
- Impose intergovernmental and private-sector mandates by requiring facilities to comply with the OSHA standard

**Estimated budgetary effects would mainly stem from**

- Changes in Medicare payments to certain affected facilities to defray increased administrative and capital costs
- Spending by OSHA to develop the standards, assuming appropriation of authorized amounts

**Areas of significant uncertainty include**

- Predicting the requirements of the final standard
- Estimating the extent to which covered entities already comply with the OSHA guidelines
- Estimating the reduction in workplace violence associated with the new requirements

**Detailed estimate begins on the next page.**

## Bill Summary

H.R. 1195 would require the Secretary of Labor to issue an interim final standard and a subsequent final standard that would require certain employers in the health care and social service sectors and employers conducting related activities to develop and implement plans to prevent and protect against workplace violence. At a minimum, employers would need to base their plans on a report of the Occupational Safety and Health Administration (OSHA), *Guidelines for Preventing Workplace Violence for Healthcare and Social Service Workers,* and meet other requirements in the bill.[1]

## Estimated Federal Cost

The estimated budgetary effect of H.R. 1195 is shown in Table 1. The costs of the legislation fall within budget functions 550 (health) and 570 (Medicare).

**Table 1.**
**Estimated Budgetary Effects of H.R. 1195**

| | By Fiscal Year, Millions of Dollars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2021-2026 | 2021-2031 |
| **Increases in Direct Spending** | | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 5 | 10 | 20 | 5 | 5 | 10 | 5 | 5 | 5 | 40 | 70 |
| Estimated Outlays | 0 | 0 | 5 | 10 | 20 | 5 | 5 | 10 | 5 | 5 | 5 | 40 | 70 |
| **Increases in Spending Subject to Appropriation** | | | | | | | | | | | | | |
| Estimated Authorization | * | 6 | 5 | 5 | 2 | * | n.e. | n.e. | n.e. | n.e | n.e | 18 | n.e |
| Estimated Outlays | * | 6 | 5 | 5 | 2 | * | n.e | n.e | n.e | n.e | n.e | 18 | n.e |

n.e.= not estimated; * = between zero and $500,000.

## Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2021 and that the authorized and necessary amounts will be provided in each year. Outlays were estimated using information from OSHA and the Bureau of Labor Statistics.

1. See Occupational Safety and Health Administration, Safety and Health Topics, *Workplace Violence, Guidelines for Preventing Workplace Violence for Healthcare and Social Service Workers,* OSHA 3148-96R (2016), https://go.usa.gov/xHCNx (PDF, 5.5 MB).

**Direct Spending**

Because H.R. 1195 would require health care facilities to implement plans to safeguard against workplace violence, the cost of operating health care facilities would increase. The costs would stem from activities such as annual training of personnel, development and implementation of plans to prevent violence in the workplace, and development and maintenance of certain changes to infrastructure. Using data from OSHA, CBO estimated the cost of compliance for hospitals that do not already meet the standards. The costs would be partially offset by savings from a decrease in payments for workers' compensation claims that result from workplace violence. CBO estimated those savings using data from the Bureau of Labor Statistics on the cost of workers' compensation claims and the share of those claims that are related to workplace violence in hospitals.

Some of the affected facilities receive Medicare payments that are based on the cost of operations; therefore, enacting the bill would increase costs to Medicare for those payments. On net, CBO estimates, enacting H.R. 1195 would increase direct spending by $70 million over the 2021-2031 period, with the cost in early years of coming into compliance exceeding the cost in subsequent years of maintaining compliance with the standards.

**Spending Subject to Appropriation**

Implementing H.R. 1195 would increase costs for the Department of Labor. Using information from OSHA, CBO estimates that the administration would need about 20 additional employees, at an average annual cost of $165,000 each, as well as additional contractors to support the rulemaking process and to improve the information technology systems that would handle new record-keeping. Such spending would be subject to the availability of appropriated funds. CBO expects that it would take OSHA about four years to complete the requirements. On that basis, CBO estimates that implementing the bill would cost $18 million over the 2021-2026 period.

**Uncertainty**

The estimated costs are subject to a fair amount of uncertainty. For example, CBO cannot predict precisely what the requirements in the final standard would entail. CBO also does not have exact information about which covered entities already comply with the proposed requirements or the extent to which those requirements would reduce workplace violence. The bill describes only the minimum requirements for the final standard. If that standard differs substantially from the minimum, direct spending could be higher or lower. Also, the number of covered entities already in compliance could differ from CBO's estimates. Finally, this estimate accounts for savings to covered entities from a decrease in workplace violence. If that decrease is larger or smaller than CBO estimates, spending would be lower or higher.

## 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 2.

**Table 2.**
**CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 1195, the Workplace Violence Prevention for Health Care and Social Service Workers Act, as Ordered Reported by the House Committee on Education and Labor on March 24, 2021**

| | By Fiscal Year, Millions of Dollars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2021-2026 | 2021-2031 |
| | Net Increase in the On-Budget Deficit | | | | | | | | | | | | |
| Pay-As-You-Go Effect | 0 | 0 | 5 | 10 | 20 | 5 | 5 | 10 | 5 | 5 | 5 | 40 | 70 |

## Increase in Long-Term Deficits

CBO estimates that enacting H.R.1195 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2032.

## Mandates

H.R. 1195 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) on health care facilities by requiring them to comply with the new OSHA rule.

Because the bill would apply to health care facilities broadly, it would affect public facilities, including hospitals and skilled nursing centers operated by state and local governments. CBO estimates that in the first two years in which the final rule is in effect, the annual net cost to public entities would be at least $100 million and would exceed the intergovernmental threshold established in UMRA ($85 million in 2021, adjusted annually for inflation) in those years. In later years, CBO estimates, public entities would spend $55 million annually to comply.

CBO estimates that the annual net cost to private entities would be at least $1.8 billion in the first two years the final rule is in effect and $750 million annually thereafter. Those costs would exceed the private-sector threshold ($170 million in 2021, adjusted annually for inflation) in each of the first five years in which the rule is in effect.

H.R. 1195 would impose mandates on covered facilities by requiring them to:

- Provide annual staff training;
- Investigate violent incidents;
- Develop violence prevention plans that include risk assessment, hazard correction, and infrastructure upgrades;
- Maintain and retain related records for at least five years; and
- Report and evaluate information as required by the OSHA rule.

The requirements for training, investigation, engineering, and infrastructure changes would impose substantial personnel and capital costs.

Based on published research, however, CBO expects that compliance with the mandate also would lead to savings in workers' compensation expenses for covered entities. Those savings, amounting to several hundred million dollars, are reflected in the costs noted above. The mandate costs also reflect current efforts to mitigate the effects of violence. For example, some states already require actions similar to the proposed standard and some facilities now comply voluntarily. Furthermore, the Occupational Safety and Health Act has limited applicability to state and local government employees. CBO expects that covered facilities could see additional benefits, including reduced staff turnover and absenteeism, which would represent savings not directly attributable to the mandates in the bill.

Using information provided by OSHA, CBO expects that the rule would affect about 200,000 facilities, including hospitals, freestanding emergency centers, and nursing homes and other residential facilities. CBO estimates that larger facilities, particularly hospitals and nursing homes, would incur significant but uncertain costs because of the possibility of more frequent reporting of incidents and the likelihood of expensive infrastructure changes. Although CBO assumes that entities would comply in the most cost-effective manner, the cost of the mandate could rise significantly if the number and nature of violent incidents required additional staff training and infrastructure changes.

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