

Preventive Health Savings Act (H.R. 2663 / S.1422)

Chronic diseases cost our health care system billions of dollars every year. Obesity costs alone are expected to grow to \$344 billion by 2018.¹ A wealth of research has highlighted the role that prevention can play in improving Americans' health and reducing the financial burden of these chronic diseases on our health care system. For instance, if obesity rates were held at current levels through health education and obesity prevention programs, the U.S. would save nearly \$820 in health care costs per adult by 2018, equating to nearly \$200 billion.²

Proponents of programs and initiatives that seek to prevent costly chronic diseases such as obesity, heart disease and diabetes, have long recognized that the advantages of investing in these programs are not always realized immediately. Programs to prevent these chronic diseases may require more than 10 years to demonstrate that the savings associated with disease prevention ultimately outweigh the initial costs of establishing and implementing the program. Even though these initiatives will likely contain costs and provide long-term budgetary savings, legislation involving preventive health care spending faces barriers to becoming law. One key barrier is how the Congressional Budget Office determines what a bill or legislative initiative will cost.

What is the Congressional Budget Office?

Founded in 1974, the Congressional Budget Office (or CBO as it is most commonly known) is an independent, nonpartisan federal agency that was established to provide objective and impartial economic analyses of legislation to Congress. The CBO does **not** make policy recommendations or judgments about a legislative proposal's merits.

The CBO is responsible for providing a variety of economic and budgetary information throughout the legislative process. Examples of CBO analyses include:

- Baseline budget projections and economic forecasts over a 10-year period, which are produced several times a year and are used in the Congressional budget process;
- Analysis of the President's budget, which estimates the budgetary impact of proposals in the President's budget (produced annually);
- Cost estimates of virtually every bill approved by Congressional committees to show how the bill would affect spending or revenues over the next 5 to 10 years (produced throughout the year).

Key Takeaways

- The Congressional Budget Office (CBO) is responsible for providing nonpartisan guidance to Congress about the projected economic impact of key legislation.
- Many preventive health programs have been shown to be highly effective in preventing chronic diseases (like diabetes, heart disease, and asthma) that cost our health care system billions of dollars per year.
- Unfortunately, the CBO does not currently take into account the long-term cost-savings associated with preventive health initiatives.
- By allowing the CBO to widen its scoring window and to evaluate the cost-saving potential of prevention programs, the Preventive Health Savings Act (H.R. 2663/S.1422) will enable the CBO to provide Congress with a more accurate assessment of the long-term budgetary effects of preventive health programs.

When the CBO analyzes the budgetary impact of a particular proposal or piece of legislation, it is said to have “scored” the bill. The “score” is simply a dollar amount that the bill will cost or save the budget, according to the CBO’s estimate. CBO generally uses a 5 or 10 year projection, or scoring window, meaning that it assesses the budgetary impact of a bill over the course of 5 or 10 years. A CBO score can indicate that a bill will ultimately increase or decrease the federal deficit, or that it is budget-neutral.

The Director of the CBO is jointly appointed every four years by the Speaker of the House and the President pro tempore of the Senate, after considering recommendations from the House and Senate budget committees. Staff is appointed by the Director based only on professional competence, not political affiliation.

Significance of CBO Scores

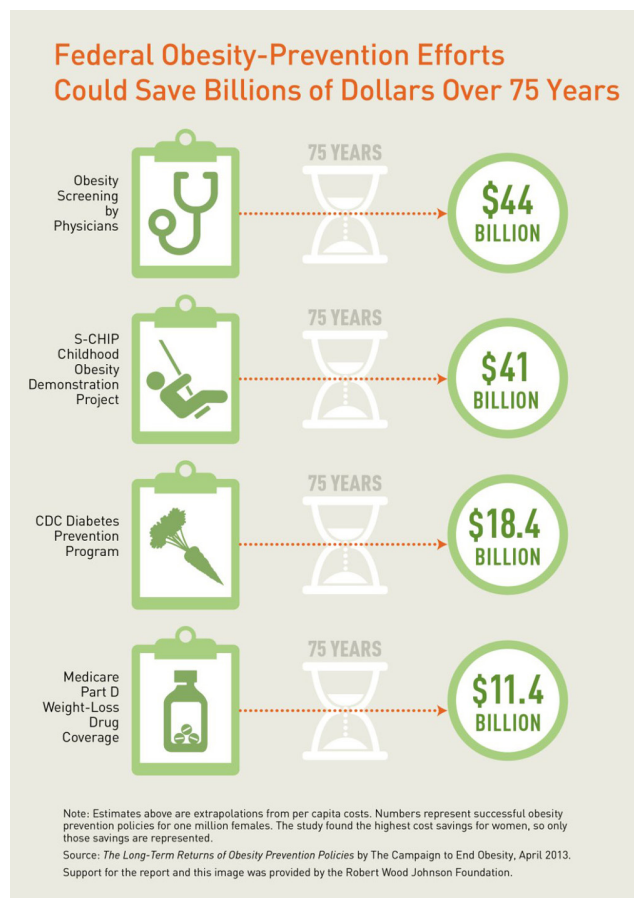
Some have compared the nonpartisan CBO to an umpire or scorekeeper in the game of American politics. The CBO closely scrutinizes legislative proposals to determine the likely impact of these initiatives on federal spending and/or revenue. In these difficult economic times, if a bill receives a high CBO score (i.e. a bill that the CBO has found to require billions of dollars in federal spending and that is likely to contribute to the federal deficit within the 5- to 10-year scoring window) its chance of passage may be greatly diminished. A piece of legislation’s CBO score could affect the type of amendments that may be offered to the bill. Additionally, the sponsors of a bill with a high CBO score may be required to secure an offset (savings derived from existing funds) in order to achieve a budget-neutral score before it can be voted on or seriously considered.

Conversely, bills that are scored as having no fiscal impact may be more attractive to legislators concerned about their fiscal footprint. Therefore, these bills may be more likely to move forward. In these ways, a bill’s CBO score may ultimately affect legislative decision-making.

CBO Scores and Prevention Programs

Today, more than 133 million Americans live with a chronic condition such as diabetes, heart disease, obesity, or asthma.³ This number is expected to climb to 171 million by 2030 as the U.S. population ages.⁴ Much of the illness, suffering and early death related to chronic diseases is caused by modifiable health behaviors such as lack of physical activity, poor nutrition and tobacco use. Preventing or delaying the onset of new cases of these chronic conditions would improve the health of Americans while lowering health care costs in our country.

A major limitation of CBO’s current approach is that it does not score prevention efforts, including prevention initiatives that include nutrition interventions. Currently, the CBO does not acknowledge the cost-savings that could result from legislation that helps prevent diseases that cost the federal government billions of dollars. Therefore, a bill that would extend coverage of a successful diabetes prevention program to Medicare-eligible seniors would be likely to receive a high CBO score, even if the long-term savings associated with preventing thousands of new cases of diabetes among Medicare beneficiaries would eventually greatly exceed the initial cost of extending coverage.



Source: The Robert Wood Johnson Foundation’s Campaign to End Obesity.

Even if the CBO were able to take into account the cost savings associated with prevention programs, the budget window that the agency generally uses (5- to 10-years) may be too narrow to adequately capture the costs and savings of successful prevention programs. A recent report by the Robert Wood Johnson Foundation concluded that widening the window to 75 years could better account for all of the costs and savings attributable to various chronic disease prevention efforts, including the Diabetes Prevention Program and the State Children's Health Insurance Program (S-CHIP) childhood obesity demonstration project.⁵

Without being able to credit prevention programs for long-term budgetary savings, the current CBO scoring process for prevention-related bills greatly distorts the impact that these programs have on federal spending. While prevention programs may require an initial investment that may be associated with short-term upfront costs, the long-term costs associated with treating the diseases that these programs are meant to prevent may be greatly reduced. **The Academy of Nutrition and Dietetics believes that it is time for the CBO to reconsider its methods for estimating costs and savings associated with prevention programs.**

The Solution: The Preventive Health Savings Act

The Preventive Health Savings Act (H.R. 2663/S. 1422) will allow policymakers to more accurately assess legislation that would prevent chronic disease. This legislation would permit leaders in Congress to request that CBO estimate the long-term health savings that are possible from preventive health initiatives. Congressional leaders would be able to request an analysis of the two 10-year periods beyond the existing 10-year scoring window, for a total of 30 years. Within this extended window, CBO would be required to determine (based on its review of credible and publically-available epidemiological projection models, clinical trials, or observational studies in humans) whether the initiative would result in substantial savings outside the normal scoring window. This change would offer significant recognition to the role prevention plays in saving taxpayer dollars.

Members of the Academy of Nutrition and Dietetics play critical roles in programs across the country that seek to prevent chronic disease and reduce costs to our health care system. As the chronic disease epidemic continues to worsen in this country, so does the need for legislation that will allow Congress to accurately assess the full savings of enacting prevention-focused measures. For this reason, the Academy of Nutrition and Dietetics supports the Preventive Health Savings Act and encourages members of both the House and the Senate to cosponsor the bill.

1 United Health Foundation, American Public Health Association, Partnership for Prevention. The Future Costs of Obesity: National and State Estimates of the Impact of Obesity on Direct Health Care Expenses. November 2009. Available <http://www.nccor.org/downloads/CostofObesityReport-FINAL.pdf>.

2 Ibid.

3 Wu SY, Green A. Projection of chronic illness prevalence and cost inflation. Santa Monica, CA: RAND Health; 2000.

4 Robert Wood Johnson Foundation & Partnership for Solutions. "Chronic Conditions: Making the Case for Ongoing Care." Johns Hopkins University, Baltimore, MD. September 2004 Update.

5 Campaign to End Obesity. The Long-Term Returns of Obesity Prevention. Robert Wood Johnson Foundation. Available <http://www.rwjf.org/en/research-publications/find-rwjf-research/2013/04/the-long-term-returns-of-obesity-prevention-programs.html>. April 2013.