

Preventive Health Savings Act (H.R. 2953/S. 2164)

Background

Chronic diseases cost the U.S. health care system billions of dollars every year. Obesity costs are expected to grow to \$344 billion this year.¹ A wealth of research has highlighted the role 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, 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 the advantages of investing in these programs are not always immediately realized. Programs to prevent these chronic diseases may require more than 10 years to demonstrate that 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.

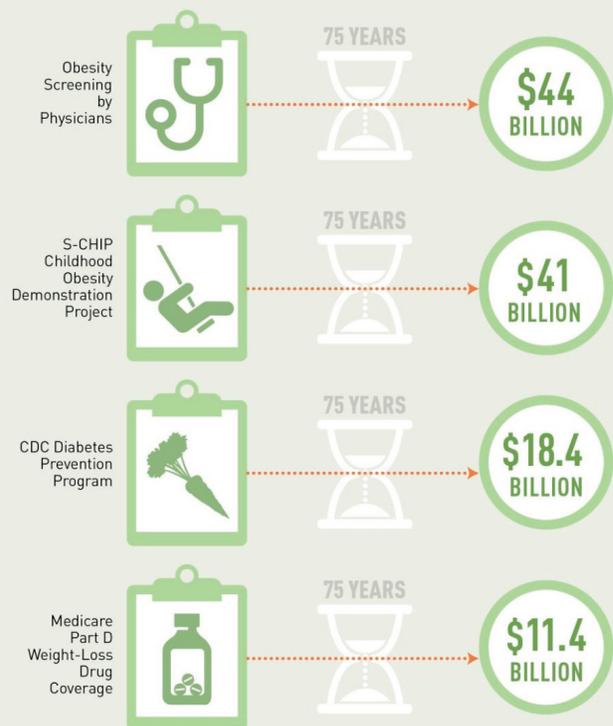
About the Congressional Budget Office

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 analysis to Congress throughout the legislative process.

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

Federal Obesity-Prevention Efforts Could Save Billions of Dollars Over 75 Years



Note: Estimates above are extrapolations from per capita costs. Numbers represent successful obesity prevention policies for one million females. The study found the highest cost savings for women, so only those savings are represented.

Source: *The Long-Term Returns of Obesity Prevention Policies* by The Campaign to End Obesity, April 2013. Support for the report and this image was provided by the Robert Wood Johnson Foundation.

Source: *The Robert Wood Johnson Foundation's Campaign to End Obesity*³

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 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.

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 (such as a bill the CBO has found to require billions of dollars in federal spending and is likely to contribute to the federal deficit within the five- 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.

Current CBO Scoring of Prevention Programs

A major limitation of CBO's current approach is that it does not score prevention efforts, including evidence-based nutrition interventions to prevent chronic diseases. 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.

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 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 these programs are meant to prevent may be greatly reduced.

The Academy of Nutrition and Dietetics believes it is time for the CBO to reconsider its methods for estimating costs and savings associated with prevention programs.

Legislative Solution: the Preventive Health Savings Act (H.R. 2953/S. 2164)

The Preventive Health Savings Act (H.R. 2953/S. 2164) will allow policymakers to more accurately assess the economic impact of legislation that would prevent chronic disease. This legislation would permit leaders in Congress to request the 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 publicly 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.

Ask Congress to Support the Preventive Health Savings Act

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.

H.R. 2953/S. 2164 is a bipartisan bill that was introduced in the 115th Congress by Reps. Michael Burgess (Texas) and Diana DeGette (Colo.) and by Sens. Ben Cardin (Md.), Mike Crapo (Idaho) and Angus King (Maine).

Key Takeaways

- The Congressional Budget Office 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.
- Current CBO analysis fails to account for the long-term cost savings associated with preventive health initiatives.
- The Preventive Health Saving Act will enable CBO to provide Congress with a more accurate assessment of the long-term budgetary effects of preventive health programs.