

April 23, 2001

Honorable Don Nickles
Assistant Majority Leader
United States Senate
Washington, DC 20510

Dear Senator:

At your request, the Congressional Budget Office has prepared the attached table showing the ultimate average effect on premiums for employer-sponsored health insurance of S. 283, the Bipartisan Patient Protection Act of 2001, as introduced on February 7, 2001. We estimate that enacting the bill would ultimately increase the premiums for employer-sponsored health plans by an average of 4.2 percent.

Among its other provisions, the bill would require a group health plan or issuer of health insurance to pay routine patient costs in clinical trials approved and funded by certain organizations, including the Food and Drug Administration (FDA). The FDA does not fund clinical trials. The estimate assumes plans would be required to pay routine patient costs in clinical trials approved by the FDA.

It is worth noting that there have been significant changes in the environment, and hence our baseline, since last year. For example, this estimate reflects recent court decisions that decrease the likelihood that state laws regulating the appeals processes of health plans are preempted by current federal law.

Honorable Don Nickles
Page Two

I hope this information is helpful to you. The CBO staff contact is Tom Bradley.

Sincerely,

Dan L. Crippen
Director

Attachment

cc: Honorable James M. Jeffords
Chairman
Senate Committee on Health, Education,
Labor and Pensions

Honorable Edward M. Kennedy
Ranking Member

Honorable John McCain

ATTACHMENT

ESTIMATED ULTIMATE EFFECT OF S. 283, THE BIPARTISAN PATIENT PROTECTION ACT OF 2001, ON PREMIUMS FOR EMPLOYER-SPONSORED HEALTH INSURANCE (In percent)

Provision	Increase in Premiums
<hr/>	
Subtitle A—Grievances and Appeals	
Utilization review activities	0.2
Procedures for initial claims and prior authorization	a
Internal and external appeals	1.0
Subtitle B—Access to Care	
Consumer choice	0.1
Choice of health care professional	a
Access to emergency care	0.4
Access to specialty care	0.3
Access to obstetric and gynecological care	0.1
Access to pediatric care	a
Continuity of care	0.3
Access to needed drugs	a
Clinical trials	0.8
Subtitle C—Access to Information	0.1
Subtitle D—Protecting the Doctor-Patient Relationship	a
Subtitle E—Definitions	
Coverage of limited scope plans	a
Title III—Availability of Civil Remedies	0.8
Title IV—Women’s Health and Cancer Rights	<u>0.2</u>
Total	4.2

SOURCE: Congressional Budget Office.

a. Less than 0.05 percent

April 23, 2001