CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

December 8, 1999

H.R. 3194

An act making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes

As cleared by the Congress on November 19, 1999, and signed by the President on November 29, 1999

SUMMARY

H.R. 3194 (enacted as Public Law 106-113) incorporates the fiscal year 2000 appropriations for the District of Columbia, and the Departments of Commerce, Justice, State, Interior, Labor, Health and Human Services, and Education, as well as for the Judiciary and foreign operations. Public Law 106-113 also includes miscellaneous appropriations, modifications to Medicare, Medicaid, and the State Children's Health Insurance Program (SCHIP), authorizations for certain foreign relations programs, an extension of the Northeast Interstate Dairy Compact, and changes relating to the telecommunications industry.

Section 1001 of H.R. 3194, the District of Columbia (D.C.) appropriation act, specifies that portions of the legislation should not be considered as appropriation acts but rather as if they had been enacted in a non-appropriation bill. The language applies this designation to a set of acts incorporated by reference into the D.C. appropriation act. Section 1001 also requires the Director of the Office of Management and Budget (OMB) to ignore those portions of Public Law 106-113 for purposes of enforcing the pay-as-you-go procedures described in the Balanced Budget and Emergency Deficit Control Act.

Table 1 summarizes the Congressional Budget Office's (CBO's) estimates of the impact of Public Law 106-113 on direct spending and revenues (i.e., governmental receipts). CBO estimates that Public Law 106-113 will reduce outlays from direct spending by $2.5 billion in 2000, but will increase direct spending by $26.7 billion over the 2000-2009 period. We estimate that total revenues over the 10-year period will increase by $0.5 billion. The act will also result in a net shift of $3.5 billion in revenues from 2000 to 2001. Because of the law's instructions to the OMB director, however, CBO does not consider the legislation to have any pay-as-you-go effects.

TABLE 1. ESTIMATED EFFECTS OF H.R. 3194 (PUBLIC LAW 106-113) ON DIRECT SPENDING AND RECEIPTS, BY ACT

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ON-BUDGET										
H.R. 3425, Miscellaneous appropriations act										
Estimated Outlays [a]	-3,993	3,501	-311	-76	-125	-147	-28	-22	-19	-18
Estimated Receipts	3,315	-3,315	0	0	0	0	0	0	0	0
H.R. 3426, Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999										
Estimated Outlays	1,161	5,800	4,200	2,900	2,000	2,000	2,000	2,200	2,300	2,500
H.R. 3427, Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001										
Estimated Outlays	130	-71	30	30	30	0	0	0	0	0
S. 1948, Intellectual Property and Communications Omnibus Reform Act of 1999										
Estimated Outlays	0	4	120	35	93	106	106	116	75	25
Estimated Receipts	15	90	104	119	135	74	0	0	0	0
Total, On-Budget										
Estimated Outlays [a]	-2,702	9,234	4,039	2,889	1,998	1,959	2,078	2,294	2,356	2,507
Estimated Receipts	3,330	-3,225	104	119	135	74	0	0	0	0
OFF-BUDGET										
H.R. 3425, Miscellaneous appropriations act										
Estimated Outlays	162	-162	0	0	0	0	0	0	0	0
Estimated Receipts	-162	162	0	0	0	0	0	0	0	0
TOTAL BUDGETARY EFFECTS										
Estimated Outlays	-2,540	9,072	4,039	2,889	1,998	1,959	2,078	2,294	2,356	2,507
Estimated Receipts	3,168	-3,063	104	119	135	74	0	0	0	0

Note: Components may not sum to totals because of rounding.

a. Includes the effects of provisions designated as emergencies.

In addition, the law will affect net receipts of the Social Security program by reducing the Social Security surplus by $324 million in 2000, and increasing that surplus by an equal amount in 2001. Social Security cash flows are classified as off-budget and are not subject to pay-as-you-go procedures in any case.

ESTIMATED IMPACT OF H.R. 3194 ON DIRECT SPENDING AND RECEIPTS

Section 1001 directs that the budgetary effects of all of the portions referenced in the act after paragraph 4 of section 1000 should be assessed as if they were enacted in a law other than an appropriation act. Consequently, even those appropriations provided under paragraphs 5 through 9 of the act should be considered as direct spending, including the emergency funding provided in the miscellaneous appropriations act (paragraph 5).

BASIS OF ESTIMATE

The following sections detail CBO's estimates for the four components of H.R. 3194 that follow paragraph 4 of that act and have an impact on direct spending and receipts. Those four components are H.R. 3425, H.R. 3426, H.R. 3427, and S. 1948—all of which are incorporated by reference into H.R. 3194.

H.R. 3425, Miscellaneous Appropriations Act

Appropriations. Title I of H.R. 3425 provides appropriations for a variety of agricultural programs, including funds for loans to agricultural producers for disaster assistance and additional assistance from the Commodity Credit Corporation Fund. Over the 2000-2004 period, CBO estimates that this title will result in additional emergency spending of $554 million. This title also contains provisions that we expect will increase the rate of spending of emergency funds previously provided to the Federal Emergency Management Agency (FEMA), but will have no net impact on FEMA spending over the 2000-2005 period.

TABLE 2. ESTIMATED BUDGETARY EFFECTS OF THE MISCELLANEOUS APPROPRIATIONS ACT (H.R. 3425)

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CHANGES IN OUTLAYS FROM DIRECT SPENDING—ON-BUDGET										
Title I, Emergency Supplemental Appropriations										
Agriculture	456	86	8	4	0	0	0	0	0	0
Federal Emergency Management Agency	75	129	11	-20	-80	-115	0	0	0	0
Subtotal, Title I	531	215	19	-16	-80	-115	0	0	0	0
Title II, Other Appropriations Matters										
Department of Agriculture, Miscellaneous	18	10	7	0	0	0	0	0	0	0
Department of the Army, Readiness Needs	48	38	9	3	1	0	0	0	0	0
Department of the Interior, Land Acquisition [a]	0	0	0	0	0	0	0	0	0	0
Department of Transportation, Mass Transit	0	1	2	1	1	1	0	0	0	0
James A. Farley Post Office	0	20	20	20	0	0	0	0	0	0
General Services Administration	2	0	0	0	0	0	0	0	0	0
Year 2000 Compliance	25	0	0	0	0	0	0	0	0	0
Office of National Drug Control Policy	3	0	0	0	0	0	0	0	0	0
United States Secret Service	20	1	0	0	0	0	0	0	0	0
Subtotal, Title II	116	70	38	24	2	1	0	0	0	0
Title III, Fiscal Year 2000 Offsets and Rescissions										
Government-Wide Rescission	-814	-860	-380	-80	-37	-23	-18	-7	-4	-3
National Directory of New Hires	-95	-10	-10	-10	-10	-10	-10	-15	-15	-15
Military Pay-Date Shift	-2,316	2,316	0	0	0	0	0	0	0	0
Civilian Pay-Date Shift	-1,736	1,736	0	0	0	0	0	0	0	0
Subtotal, Title III	-4,961	3,182	-390	-90	-47	-33	-28	-22	-19	-18
Title V, International Debt Relief	300	0	0	0	0	0	0	0	0	0
Title VI, Survivor Benefits	2	0	0	0	0	0	0	0	0	0
Title VII, Miscellaneous Provisions	19	34	22	6	0	0	0	0	0	0
Total Changes in Outlays, On-Budget	-3,993	3,501	-311	-76	-125	-147	-28	-22	-19	-18
CHANGES IN REVENUES—ON-BUDGET										
Title III, Fiscal Year 2000 Offsets and Rescissions										
Federal Reserve Board	3,752	-3,752	0	0	0	0	0	0	0	0
Military Pay-Date Shift	-183	183	0	0	0	0	0	0	0	0
Civilian Pay-Date Shift	-254	254	0	0	0	0	0	0	0	0
Total Changes in Revenues, On-Budget	3,315	-3,315	0	0	0	0	0	0	0	0

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CHANGES IN OUTLAYS FROM DIRECT SPENDING—OFF-BUDGET										
Title III, Fiscal Year 2000 Offsets and Rescissions										
Military Pay-Date Shift	99	-99	0	0	0	0	0	0	0	0
Civilian Pay-Date Shift	63	-63	0	0	0	0	0	0	0	0
Total Changes in Outlays, Off-Budget	162	-162	0	0	0	0	0	0	0	0
CHANGES IN REVENUES—OFF-BUDGET										
Title III, Fiscal Year 2000 Offsets and Rescissions										
Military Pay-Date Shift	-99	99	0	0	0	0	0	0	0	0
Civilian Pay-Date Shift	-63	63	0	0	0	0	0	0	0	0
Total Changes in Revenues, Off-Budget	-162	162	0	0	0	0	0	0	0	0
TOTAL BUDGETARY CHANGES—H.R. 3425										
Outlays	-3,831	3,339	-311	-76	-125	-147	-28	-22	-19	-18
Revenues	3,153	-3,153	0	0	0	0	0	0	0	0

Note: Components may not sum to totals because of rounding.

a. Includes the effects of provisions designated as emergencies.

Title II of the act appropriates $217 million for several different programs. The largest single item is $100 million for operations and maintenance by the U.S. Army. Over the 2000-2001 period, $35 million is appropriated for several specified agricultural programs. Other programs include $6 million for several transportation projects involving mass transit systems, $1.25 million to the U.S. Fish and Wildlife Service for certain land acquisitions, $3 million for the Office of National Drug Control Policy, and $2 million for the General Services Administration. Title II also appropriates $60 million over the 2001-2003 period to facilitate the conversion of the James A. Farley Post Office in New York City into a train station and commercial center. Under the act, the Secret Service will receive an additional appropriation of $10 million along with a transfer of $21 million from other accounts within the Department of the Treasury. CBO estimates that H.R. 3425 also will result in the transfer of $25 million within the various federal agencies to fund year 2000 compliance activities. Total outlays for this title will amount to $116 million in 2000 and $250 million over the 2000-2004 period.

Government-Wide Rescission. Section 301 of H.R. 3425 imposes a 0.38 percent rescission of the fiscal year 2000 funding provided in each of the 13 appropriation acts. A total of $2.2 billion in budget authority is revoked resulting in estimated outlay savings of $814 million in 2000. The rescission is to be implemented on a department/agency basis. The reductions for the Department of Defense (DoD) and the defense activities within the Department of Energy are to be applied proportionately, except that military personnel accounts are exempted. The section allows the Administration some flexibility in how the reductions are imposed across programs, projects, and activities (PPA) within an agency, but no PPA can be reduced by more than 15 percent.

The across-the-board reductions of budget authority are roughly equivalent between the discretionary spending categories of defense and nondefense—$1.1 billion each. CBO estimates that defense outlays will be reduced by $614 million in 2000, $1,086 million during the 2000-2004 period, and $1,101 million over the 10-year period ending in 2009. The estimated savings for nondefense outlays are $200 million for 2000, $1,085 million for 2000 through 2004, and $1,125 million for 2000 through 2009.

Federal Reserve Board Transfer. Section 302 of H.R. 3425 requires the Federal Reserve Board to transfer $3,752 million of its reserves to the Treasury during fiscal year 2000. This amount will be in addition to the normal transfer of the Board's earnings made each year. These transfers are classified as federal revenues. We expect, however, an offsetting reduction in the fiscal year 2001 transfer as the Board attempts to restore its financial balance to the Board's desired level.

Use of New Hire Data to Collect Defaulted Student Loans. Section 303 gives the Department of Education (ED) another wage garnishment tool to collect defaulted student loans. The ED will be able to obtain useful data from the Department of Health and Human Services's database on new hires. ED could use the acquired information only to collect debt owed by someone whose new job paid more than $16,000 annually.

CBO estimates that roughly one million "hard to collect" claims for defaults on student loans are outstanding. Based on discussions with organizations involved in the collection of such debt, CBO estimates that about 10 percent, or about 100,000 default claims, will be affected by collectors accessing data retrieved through the new hire database. Most of the federal budgetary impact of this provision results from bringing such defaulting borrowers into repayment earlier and collecting more of their outstanding debt. CBO expects that only a few defaulting borrowers who would have paid nothing under prior-law collection measures would be brought into repayment by use of this new tool.

The budgetary impact of this provision is assessed under the requirements of credit reform. As such, the budget records all the collections associated with a new loan on a present-value basis in the year the loan is obligated. The present value of additional collections from all current outstanding loans, which CBO estimates is $85 million, is displayed in the year the bill is enacted—in this case 2000. In total—for both new and old loans—CBO estimates that the legislation will save $95 million in fiscal year 2000, $135 million over the 2000-2004 period, and $200 million over the 2000-2009 period.

Pay-Date Shift. Sections 305 and 306 move the final pay dates for military personnel and certain civilian employees from the end of fiscal year 2000 to the beginning of 2001. The pay shift has the effect of increasing the on-budget surplus by $3.6 billion in 2000 and reducing the surplus by the same amount in 2001. The off-budget effects of the pay shift are a reduction in the Social Security surplus of $324 million in 2000 and a corresponding increase of $324 million in 2001.

Military Pay. Section 305 of H.R. 3425 delays paying military personnel for the pay period ending September 30, 2000: the pay date moves from September 29 to October 2. As a result, military pay, and any related expenses such as federal employer contributions to Social Security and Medicare will be shifted from 2000 to 2001. Estimated outlays from the military personnel accounts involved amount to $2,339 million, and offsetting receipts in the Medicare Hospital Insurance (HI) of $23 million will be shifted as well. In addition, the income tax and the HI payroll tax collections will be lessened by $183 million in 2000 and raised by the identical amount in 2001. Social Security receipts of $198 million ($99 million each for revenues and offsetting receipts) will be moved from 2000 to 2001.

Civilian Pay. Section 306 shifts the last pay date for certain civilian employees (about 45 percent of all civilian workers) from the end of September 2000 to the beginning of October 2000. Consequently, pay and any related expenses such as federal employer contributions to Social Security, Medicare, and civilian retirement and health insurance programs will be shifted from 2000 to 2001. Estimated outlays for civilian personnel will amount to $2,008 million, and the shifts in offsetting receipts for the HI, civilian retirement, and employee health insurance programs total $23 million, $156 million, and $94 million, respectively. Thus, net outlays in 2000 will be reduced by $1,736 million only to reappear as spending in 2001. Income taxes, HI payroll taxes, and employee retirement contributions—all considered on-budget revenues—will fall by $254 million in 2000 and rise by the identical amount in 2001. Social Security receipts of $126 million ($63 million each for revenues and offsetting receipts) will be moved from 2000 to 2001.

International Debt Relief. Title V of H.R. 3425 provides authority for the United States to participate in a multilateral effort to reduce the debt of certain poor countries called the

Highly Indebted Poor Counties (HIPC) initiative. The title authorizes appropriations to cover the cost, as defined by the Federal Credit Reform Act, of forgiving debts the poor countries owe to the United States. The title authorizes the U.S. Executive Director to the International Monetary Fund (IMF) to approve a plan to revalue a portion of the IMF's gold holdings. That provision could affect federal interest receipts, but CBO expects that any such impact would not be significant. This title also permits the Treasury to forgo the return of certain funds currently held by the IMF and would allow the IMF to use these funds for debt relief. CBO estimates that provision will lower offsetting receipts by $300 million in 2000.

Gold Sales. Section 503 authorizes the U.S. Executive Director to vote for an arrangement to sell a quantity of gold sufficient to generate 2,226 million special drawing rights in profits, or about $3.1 billion. Currently, the IMF values the gold at about $48 an ounce. The IMF will sell gold at prevailing market prices to member countries about to repay amounts they owe the IMF. Such countries will use the gold, at the higher price, to immediately repay the IMF. The IMF will invest the net proceeds and use up to $75 million of the interest each year for debt relief under the HIPC initiative. That use of interest will lower the IMF's net income by that amount.

The IMF could cover the lost income in three ways. It could lower its reserve targets—a short-term response, it could raise the rate of charge for the use of its resources, or it could lower its rate of remuneration to creditor countries. The latter could affect the U.S. budget by lowering interest receipts in budget function 900. The U.S. reserve position in the IMF is about $20 billion. So, if the IMF withheld an additional 10 basis points on the rate of remuneration, that would lower the Treasury's interest receipts by $20 million per year. But, based on information from the Treasury, CBO expects that the United States would oppose reducing the rate of remuneration.

Forgone Receipts in the Special Contingency Fund (SCA-2). Earlier in the decade, the IMF withheld a portion of the interest that the United States and other members earn on their reserve balances in the IMF. The IMF withheld about $1.4 billion from members. The funds were collected in a special contingency account (SCA-2) and are to be repaid to the members that effectively provided them when the funds are no longer required. The United States' share in the SCA-2 is approximately $300 million. Title V of H.R. 3425 permits the Treasury to forgo repayment, thus lowering offsetting receipts by $300 million in 2000.

Survivor Benefits. Title VI directs the Secretary of the Treasury to pay $100,000 to the survivor or set of survivors of each of the 14 Air Force members and the federal civilian employee who died in 1994 as a result of friendly fire over Iraq. The payments will total $1.5 million and CBO expects that they will all occur in fiscal year 2000.

Trade Adjustment Assistance. Section 702 of this act amends the Trade Act of 1974 to extend the authorization for trade adjustment assistance through September 30, 2001. Authorization for the trade adjustment assistance programs expired June 30, 1999. Enacting these provisions will increase direct spending by $81 million over the 2000-2004 period.

The trade adjustment assistance (TAA) program for workers provides transitional aid for workers who are dislocated as a result of federal policies that reduce barriers to foreign trade. The program has two components: one for all workers and one for workers dislocated because of the implementation of the North American Free Trade Agreement (NAFTA). Both programs provide income support and job training to workers who are certified to receive benefits. Together, the two programs had outlays of $326 million in fiscal year 1999. These programs expired on June 30, 1999. The act extends them through fiscal year 2001. The costs of extending the main TAA program are included in the baseline, as required by the Balanced Budget and Emergency Deficit Control Act. However, the costs of extending the NAFTA portion of TAA are not included in the baseline.

CBO estimates that extending the NAFTA portion of TAA will cost $81 million over the 2000-2004 period. In addition to extending the program through fiscal year 2001, the legislation raises the annual cap on training for the NAFTA program to $30 million. When the Congress extended the program in October 1998, it reduced the annual cap on training costs from $30 million to $15 million. Although this legislation returns the cap to its original level, CBO estimates that spending under the training program will be less than the capped amount.

H.R. 3426, Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999

H.R. 3426 modifies Medicare's payment rates for many services, including those furnished by hospitals, skilled nursing facilities, home health agencies, physicians, physical and speech therapists, occupational therapists, and managed care plans. H.R. 3426 also makes changes to both Medicaid and the State Children's Health Insurance Program. Those changes include revised allotments to states and territories of funds distributed through SCHIP and the Medicaid disproportionate share (DSH) program.

CBO estimates that this act will increase federal direct spending by $1.2 billion in fiscal year 2000, by $16 billion over the 2000-2004 period, and by a total of $27 billion over the 2000-2009 period. The estimated budgetary impact of H.R. 3426 is shown in Table 3.

TABLE 3. ESTIMATED BUDGETARY EFFECTS OF THE MEDICARE, MEDICAID, AND SCHIP BALANCED BUDGET REFINEMENT ACT OF 1999 (H.R. 3426)

	Outlays, By Fiscal Year, in Billions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CHANGES IN DIRECT SPENDING										
Medicare										
Title I: Part A										
Subtitle A—Skilled Nursing Facilities	0.3	0.8	0.9	0.2	0	0	0	0	0	0
Subtitle B—PPS Hospitals	0.2	0.4	a	a	0	0	0	0	0	0
Subtitle C—PPS-Exempt Hospitals	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtitle D—Hospice Care	0	a	a	a	0	0	0	0	0	0
Subtitle F—Transitional Provisions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Title II: Part B										
Subtitle A—Hospital Outpatient Services	a	1.2	1.4	1.4	1.2	1.1	1.1	1.2	1.3	1.3
Subtitle B—Physician Services	0	0.3	0.1	-0.1	-0.3	0	0	0	0	0
Subtitle C—Other Part B Services	0.3	0.4	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Title III: Part A and B										
Subtitle A—Home Health Services	a	1.0	0.3	a	a	a	a	a	a	a
Subtitle A—Direct Graduate Medical Education	a	a	a	a	a	a	a	a	a	a
Title IV: Rural Providers										
Subtitle A—Rural Hospitals	a	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Subtitle B—Other Rural Provisions	a	a	a	a	a	a	a	a	a	a
Title V: Medicare+Choice and Managed Care										
Subtitle A—Beneficiary Protections	a	a	a	a	a	a	a	a	a	a
Subtitle B—Medicare+Choice Program	a	0.3	0.4	0.6	0.4	0.1	0.1	0.1	0.2	0.2
Subtitle C—Demonstration Projects	a	0.1	0.1	a	a	a	a	a	a	a
Subtitle D—Medical Education	0	0	0	0	0	0	0	0	0	0
Medicare+Choice Interaction	a	1.2	0.8	0.6	0.4	0.5	0.5	0.6	0.7	0.8
Subtotal, Gross Medicare Outlays	1.0	6.1	4.6	3.2	2.2	2.2	2.3	2.5	2.7	2.9
Part B Premium Receipts	0	-0.6	-0.6	-0.5	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5
Subtotal, Net Medicare Outlays	1.0	5.5	4.0	2.7	1.8	1.8	1.8	2.0	2.2	2.3
Medicaid & SCHIP										
Interaction: Medicaid spending for Part B	a	0.1	0.1	0.1	a	0.1	0.1	0.1	0.1	0.1
Title VI: Medicaid	0.1	0.2	0.1	0.1	0.1	0.1	a	a	a	a
Title VII: SCHIP	a	a	a	a	a	a	a	0.1	0.1	0.1
Subtotal, Medicaid and SCHIP	0.1	0.3	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Total Changes	1.2	5.8	4.2	2.9	2.0	2.0	2.0	2.2	2.3	2.5

Note: SCHIP is the State Children's Health Insurance Program.

a. Cost or savings less than $50 million.

The following sections discuss changes in gross outlays directly attributable to provisions of the act. In addition, the estimate includes three interactions: the effect of changes in per-enrollee spending in the fee-for-service sector on payment rates for enrollees in Medicare+Choice plans, the effect of changes in Medicare Part B outlays on receipts from Part B premiums, and the effect of changes in Part B premiums on federal spending for Medicaid.

Payment rates for Medicare+Choice plans are based on spending in the fee-for-service sector, so provisions of the bill that increase fee-for-service spending will lead to higher payments to Medicare+Choice plans. Medicare+Choice payments rates for 2000 have already been published and will not be adjusted unless services covered by the Medicare program change. The only provision that changes covered services is the extension of coverage of immunosuppressive drugs. That provision will increase payments to Medicare+Choice plans by $2 million in 2000. During the 2000-2004 period, however, the increase in spending attributable to the interaction between fee-for-service spending and Medicare+Choice payment rates will total $2.9 billion.

Part B premiums for 2000 have already been announced and will not be changed by this act. In subsequent years, however, about 25 percent of new Part B outlays will be covered by premium payments by beneficiaries. CBO estimates that those premium payments will total $2.1 billion from 2000 through 2004.

A change in the Medicare Part B premium affects federal Medicaid spending because Medicaid covers the cost of the Medicare Part B premium for individuals dually eligible for Medicaid and Medicare and for other low-income Medicare beneficiaries not poor enough to qualify for full Medicaid benefits. CBO estimates that by increasing the amount of the Part B premium, the act will increase federal Medicaid costs by about $0.3 billion over the 2000-2004 period.

H.R. 3426, Title I: Medicare Part A

Subtitle A, Skilled Nursing Facilities. The act amends several policies enacted in the Balanced Budget Act of 1997 (BBA) regarding payment to skilled nursing facilities (SNFs). For services provided from April 1, 2000, through September 30, 2000, the act increases the federal rates paid for cases assigned to certain rehabilitation categories and to extensive services, special care, and clinically complex categories by 20 percent. For services provided October 1, 2000, through September 30, 2002, it increases all federal rates by 4 percent. During the transition to a fully prospective payment system (PPS), the act allows SNFs to elect to be paid exclusively under the federal rate rather than a blend of federal and facility-specific rates. It permits SNFs to bill separately for specified ambulance services, prosthetic devices, chemotherapy, and procedures using radiopharmaceuticals and, beginning in 2001, excludes spending on those items from the PPS rates. The act also enables SNFs that participated in the Nursing Home Case Mix and Quality Demonstration to receive an additional payment for Part B services in the facility-specific component of their payment rates. The final provision requires Medicare to pay SNFs that treat a large share of immuno-compromised patients a 50:50 blend of the federal and facility-specific rates for services furnished through 2001. CBO estimates that those provisions will increase Medicare expenditures by $0.3 billion in 2000 and by $2.2 billion over the 2000-2004 period.

Subtitle B, PPS Hospitals. Medicare's prospective payment system for hospital inpatient services adjusts payments to reflect higher patient care costs associated with medical education. The act increases this adjustment in 2000 to 6.5 percent for every 0.1 change in the ratio of residents to beds, compared to the 6.0 percent adjustment under prior law. In 2001, when the adjustment was scheduled to decrease to 5.5 percent, the act sets the adjustment to 6.25 percent. In 2002, the adjustment will revert to the 5.5 percent specified in prior law. Hospitals that serve a large number of low-income patients receive a "disproportionate share" adjustment to their prospective payment rates. The BBA reduced those adjustments by 4 percent in 2001 and by 5 percent in 2002. The act will limit those reductions to 3 percent in 2001 and 4 percent in 2002. CBO estimates that these changes will increase Medicare spending by $0.7 billion over the 2000-2004 period.

Subtitle C, PPS-Exempt Hospitals. Hospitals that generally do not provide acute care services are exempted from the PPS and are paid on the basis of target amounts, (that is, hospital-specific historical costs, adjusted for inflation). The BBA capped the target amounts at the 75th percentile. The act adjusts the 75th-percentile cap for differences in local wage rates. The act also increases the bonuses paid to psychiatric and long-term care hospitals with costs below their target amounts during cost-reporting periods beginning in 2001 and 2002. Those provisions will result in about $0.3 billion in increased spending during 2000-2004.

The act also requires the Secretary of Health and Human Services (HHS) to implement prospective payment systems for long-term and psychiatric hospitals beginning in 2003. The act directs the Secretary to devise payment systems that are budget neutral. CBO estimates that implementing those prospective payment systems will not have a significant effect on Medicare spending.

Subtitle D, Hospice Care. The act will increase the rates paid for hospice services furnished during 2001 by 0.5 percent and during 2002 by 0.75 percent. We expect that this provision will increase Medicare expenditures by less than $50 million over the 2000-2004 period.

Subtitle F, Transitional Provisions. The act deems that several counties shall be treated as if they are part of specified urban areas for the purpose of establishing payment rates for hospitals in those counties, and it specifies adjustments to payment rates for certain hospitals and skilled nursing facilities. Those provisions will increase spending by $0.3 billion during 2000 through 2004.

H.R. 3426, Title II: Medicare Part B

Subtitle A, Hospital Outpatient Services. The BBA required the Secretary to implement a PPS to replace cost-based reimbursement for most outpatient hospital services. The Secretary plans to implement that PPS in July 2000. Some hospitals will experience gains under the PPS—Medicare payments will exceed the cost of providing outpatient services—while other hospitals will experience losses. In aggregate, however, HHS has estimated that hospital revenue would be lower under the PPS established by the BBA than under cost-based reimbursement.

The act directs the Secretary to increase payment rates under the PPS to eliminate the aggregate reduction in hospital revenue compared to cost-based reimbursement. It also sets a floor on hospitals' losses during the first three years of the PPS; exempts cancer hospitals from the PPS; establishes outlier adjustment payments for high-cost cases and transitional payments for certain drugs, biologicals, and medical devices under the PPS; and, after the PPS is implemented, limits the beneficiary copayment for an outpatient hospital procedure to the Medicare Part A deductible. The act also extends existing reductions to cost-based payments until the PPS is implemented. CBO estimates that those provisions will increase Medicare expenditures by less than $50 million in 2000 and by $5.2 billion over the 2000-2004 period.

Subtitle B, Physician Services. The BBA established payment formulas that tie the growth of per-enrollee expenditures for physician services to the growth of gross domestic product. Those formulas generate annual rate changes that oscillate widely around a smooth trend. CBO projects stable growth rates, however, because the timing of those oscillations is impossible to predict.

The act would modify the payment formulas to reduce the oscillations around the smooth trend. CBO estimates this provision will not change spending in 2000 and will not change cumulative spending during the 2000-2004 period. Compared to prior law, however, payments to physicians will be higher in 2001 and 2002 and lower in 2003 and 2004.

The act also requires that the Secretary establish a process to accept and use data submitted by outside groups for the determination of the practice expense component of the physician fee schedule. The physician fee schedule incorporates a set of weights known as "relative value units" for all services. In the event that data submitted through that process cause HHS to recompute relative value units underlying the physician fee schedule, CBO expects those changes will not have a significant effect on spending because they will be subject to the requirement that periodic revisions to relative value units be subject to a budget neutrality adjustment.

Subtitle C, Other Part B Services. The act includes many other modifications of Part B benefits. In total, CBO estimates that these provisions will increase Medicare outlays by $1.2 billion over the 2000-2004 period.

Outpatient Therapy Services. The BBA established annual limits on per-beneficiary payments for outpatient therapy services provided by independent therapists, comprehensive outpatient rehabilitation facilities, SNFs, and other nonhospital providers. The limits are a $1,500 combined annual cap on physical therapy and speech language pathology services, and a $1,500 annual cap on occupational therapy services. H.R. 3426 suspends the caps during January 2000 through December 2001 and allows optometrists to refer beneficiaries directly to therapists. CBO estimates those provisions will increase Medicare expenditures by $0.2 billion in 2000 and by $0.6 billion over the 2000-2004 period.

Renal Dialysis. The act will increase Medicare's composite rate for renal dialysis by 1.2 percent beginning in January 2000 and by an additional 1.2 percent beginning in January 2001. That provision will increase Medicare expenditures by less than $50 million in 2000 and by $0.3 billion over the 2000-2004 period.

Inherent Reasonableness Authority. The BBA granted the Secretary of HHS the authority to adjust Medicare Part B payment rates when they are not "inherently reasonable." The act suspends the Secretary's authority to use the inherent reasonableness provision until the release of a report by the Comptroller General and the publication of a final rule. That provision will increase Medicare expenditures by less than $50 million over the 2000-2004 period.

Pap Smears. The act increases Medicare's payment rate for the clinical laboratory component of pap smear tests. That provision will increase Medicare expenditures by less than $50 million in 2000 and by $0.1 billion over the 2000-2004 period.

Ambulance Demonstration Project. The BBA authorized demonstration projects under which units of local government can contract directly with HHS to provide ambulance services under Medicare at a capitated rate. The act modifies the capitated rate. That provision will increase Medicare expenditures by less than $50 million over the 2000-2004 period.

Ambulatory Surgical Centers. The Secretary is expected to implement a PPS for ambulatory surgical centers (ASCs) that will constrain the growth in payments to ASCs. The act requires the gradual phase-in of the PPS over three years. That provision will increase Medicare expenditures by less than $50 million over the 2000-2004 period.

Extension of Medicare Benefits for Immunosuppressive Drugs. The act extends coverage of immunosuppressive drugs for certain beneficiaries receiving organ transplants paid for by Medicare. Beneficiaries who would otherwise exhaust their benefit during 2000 through 2004 will qualify for the expanded benefit. The provision specifies that eight additional months of coverage will be provided to the cohort eligible in 2000 and at least eight additional months for the 2001 cohort. It directs the Secretary of HHS to determine additional months of coverage for eligible cohorts in 2001 through 2004. The Secretary's determination of the additional months of coverage will be subject to a $150 million limitation on total expenditures under Part B attributable to the provision.

CBO estimates that this provision will allow for eight additional months of coverage for the cohort eligible in 2000 and 11 additional months of coverage for eligible cohorts in 2001 through 2004. CBO assumes that the extension will generate savings to Parts A and B of the program by averting costs associated with kidney rejection, such as rehospitalization, dialysis, and retransplantation. After accounting for offsetting savings, CBO estimates the cost of the extension will be $0.1 billion over the 2000-2004 period.

Durable Medical Equipment and Oxygen. The act will temporarily increase Medicare's payment rates for durable medical equipment and oxygen by 0.3 percent in 2001 and by 0.6 percent in 2002. That provision will have no budgetary effect in 2000 and will increase Medicare expenditures by less than $50 million over the 2001-2004 period.

H.R. 3426, Title III: Medicare Parts A and B

Subtitle A, Home Health Services. The act amends four policies enacted in the BBA regarding payment to home health agencies. First, Medicare will pay home health agencies $10 for each beneficiary served during the cost reporting period beginning in 2000. Second, the act eliminates the contingency reduction and delays the 15-percent cut mandated in BBA until one year after the PPS for home health services is implemented. Third, it increases the per-beneficiary limit by 2 percent for agencies whose limit under prior law was less than or equal to the median. Fourth, it lowers the surety bond requirement for some agencies, eliminates the requirement that agencies have separate bonds for Medicare and Medicaid, and no longer requires agencies to hold bonds after four years. Those policies will increase Medicare expenditures by less than $50 million in 2000 and by $1.4 billion over the 2000-2004 period.

Subtitle B, Direct Graduate Medical Education. The act changes Medicare's payment formula for its share of the direct costs of medical education in teaching hospitals. Under prior law, payments were based on hospital-specific historical costs, indexed to changes in inflation as measured by the consumer price index (CPI). The act requires that a national-average rate, adjusted by the geographic adjustment factors used for Medicare's relative value scale for physician services, be used as a standard to reduce the variation among hospitals' direct medical education payments. Hospitals below 70 percent of the adjusted national average will receive an increase in payments to the 70 percent level beginning in 2001. Hospitals above 140 percent of the adjusted national average will receive no inflation adjustments for 2001 and 2002, and will receive an inflation adjustment of 2 percentage points less than the CPI in 2003 through 2005 (but not less than zero). That provision will increase spending by $0.1 billion during 2000 through 2004.

H.R. 3426, Title IV: Medicare Payments to Rural Providers

Subtitle A, Rural Hospitals. The act makes a number of changes in how hospitals in rural areas are paid, which CBO estimates will increase outlays by $0.8 billion in 2000 through 2004. A class of limited-service hospitals in rural areas called Critical Access Hospitals (CAHs) were exempted from the PPS under the BBA. H.R. 3426 allows longer inpatient stays in CAHs, and permits investor-owned and closed or converted facilities to qualify as CAHs. CBO assumes those provisions will increase Medicare outlays by exempting more inpatient stays from the PPS.

Another category of rural hospital known as a sole community hospital can be paid the highest of PPS payment rates or their average cost per patient in 1982 or 1987, adjusted for inflation. Those sole community hospitals that currently receive PPS payment rates will be allowed to choose between PPS rates and a blend of those rates and their inflation-adjusted costs in 1996. The act extends for five years the Medicare-dependent small rural hospital program (which would have expired at the end of 2000), requires the Secretary to permit certain hospitals located in urban areas to be reclassified as rural, and makes other changes to the geographic classification system. The act also allows rural teaching hospitals and hospitals with accredited rural graduate medical education programs to increase the number of residency positions above the limits established by the BBA.

Subtitle B, Other Rural Provisions. The act permits all hospitals in rural areas with up to 100 beds to have swing beds (beds that can be used either for hospital inpatient or skilled nursing stays—different levels of service with different payment systems). It also expands access to paramedic services in rural areas. Those provisions will increase outlays by less than $50 million during 2000 through 2004.

The BBA established a telemedicine demonstration project to improve primary care for diabetics living in medically under served areas. The act would direct the Secretary to make the award within three months of enactment and changes certain specifications of the project design. Modifications, such as altering the reimbursement rates, will affect the pattern of federal spending on the project over the 2000-2004 period. CBO estimates that this provision will increase spending by less than $5 million a year in 2000 and 2001, with offsetting reductions in 2002 and 2003. Thus, the provision will not change cumulative spending over the 2000-2004 period.

H.R. 3426, Title V: Medicare+Choice and Managed Care

H.R. 3426 also makes changes to the Medicare+Choice managed care program to increase flexibility of enrollment and disenrollment. It provides increases in payments to the plans, allows for payments for nursing and allied health medical education, extends a number of demonstration projects, and imposes some new requirements on HCFA. In total, these provisions will increase Medicare spending by $2.0 billion over the 2000-2004 period.

Subtitle A, Beneficiary Protections and Cost Contracts. The act will make the administration of the Medicare+Choice program more flexible by allowing beneficiaries more time to enroll in Medicare+Choice or medigap plans when plans withdraw from markets, and allowing cost contracts with health maintenance organizations to be renewed until December 31, 2004. Those provisions are expected to increase federal payments by $0.1 billion over the 2000-2004 period.

Subtitle B, Medicare+Choice Program. The act will slow the implementation of the BBA-mandated system for risk adjustment of Medicare+Choice payment rates, which is intended to reflect more accurately the cost differences among enrollees that are associated with health status. The act also increases the update to rates paid to Medicare+Choice plans in 2002—from 0.5 percentage points less than the increase in per-beneficiary spending in Medicare's fee-for-service sector to 0.3 percentage points less than that increase in fee-for-service spending. The act authorizes a bonus payment for the first Medicare+Choice plan in any county without any participating Medicare+Choice plans since 1997, or in which all Medicare+Choice plans withdrew before October 13, 1999. The bonus will increase Medicare+Choice payment rates in those counties by 5 percent in 2000 and by 3 percent in 2001. Other provisions create more flexibility in certain requirements for how potential providers design, market, and certify the quality of managed care products to offer to Medicare beneficiaries, change requirements for how plans submit cost data, require HCFA to publish fee for service cost data for each county, and change how HCFA funds and disseminates information on Medicare+Choice plans to beneficiaries. Together those changes will increase Medicare spending by $1.7 billion over the 2000-2004 period.

Subtitle C, Demonstration Projects. H.R. 3426 modifies the terms and extends the duration of a number of demonstration projects, including the competitive bidding demonstration project, Social Health Maintenance Organizations, community nursing, coordinated care, and municipal health programs. Those changes to demonstration programs will increase federal spending by $0.3 billion during 2000 through 2004.

Subtitle D, Nursing and Allied Health Education Payments. The act authorizes $60 million a year for payments to hospitals with nursing and allied health education programs when they provide inpatient care to patients enrolled in a Medicare+Choice plan, but offsets that spending with reductions in payments to hospitals with graduate medical education programs. Thus, CBO estimates that this provision will have no effect on Medicare spending.

H.R. 3426, Title VI: Medicaid

CBO estimates that H.R. 3426 will increase federal Medicaid spending by $0.1 billion in 2000 and $0.7 billion over the 2000-2004 period. About $0.3 billion of that increase is due to the interaction between Part B premiums and Medicaid spending that was discussed earlier. The other provisions that will affect federal spending are discussed below.

Increased DSH allotment for certain states and the District of Columbia. The federal share of Medicaid DSH payments is capped at a specific level for each state through 2002, after which each state's cap will grow with inflation. The act changes the annual allotment from $16 million to $33 million for Minnesota; from $23 million to $32 million for the District of Columbia; from $5 million to $9 million for New Mexico; and from $0 to $0.1 million for Wyoming.

CBO assumes those states will be able to spend the full amount of their allotment increases, and therefore estimates that federal spending will increase by $30 million a year through 2002. Because allotments after 2002 are increased by inflation using 2002 as a base year, federal spending will increase in 2003 and thereafter. CBO estimates this provision will cost $0.2 billion over the 2000-2004 period.

Welfare-related transitional assistance for administrative costs. States can receive an enhanced match rate for certain administrative expenses related to enrollment of low-income families receiving assistance under the Temporary Assistance for Needy Families (TANF) program who are no longer automatically eligible for Medicaid because of welfare reform. Total federal spending under the enhanced match rate is limited to $0.5 billion nationally and, under prior law, was scheduled to end at the end of fiscal year 2000. In addition, the enhanced match rate applied only to spending in the first 12 quarters after each state began its TANF program. The act allows the enhanced match rate to continue after fiscal year 2000 and eliminates the 12-quarters restriction.

CBO estimates that $0.3 billion of the $0.5 billion available would have been spent under prior law. Eliminating the restrictions on the availability of the enhanced match rate will permit the entire amount to be spent, with federal spending increasing by $0.2 billion over the 2000-2004 period.

Modification of the phase-out of payment for federally qualified health center (FQHCs) services and rural health clinic services. Under a state option established in the BBA, states may phase-out cost-based reimbursement, a policy under which states pay facilities 100 percent of costs. States are allowed to pay facilities 95 percent of costs in fiscal year 2000. The BBA permitted states to reduce payments to 90 percent of costs in 2001, 85 percent in 2002, and 70 percent in 2003. The BBA schedule allowed states to end cost-based reimbursement after 2003.

H.R. 3426 delays that phase-out schedule. States may reduce payments to 95 percent of costs in 2001 and 2002, 90 percent in 2003, and 85 percent in 2004. After 2004, states will no longer be required to pay relative to costs. Delaying the phase-out will increase Medicaid costs in states that would have elected to reduce payments according to the BBA schedule. CBO estimates that this provision will increase Medicaid spending by $0.1 billion over the 2000-2004 period.

Parity in reimbursement for certain utilization and quality control services. States may get an enhanced federal match rate of 75 percent for certain medical utilization and review activities that ensure quality in the fee-for-service sector (for example, medical records review). Under prior law, however, that enhanced match was available only for activities performed by organizations that qualify as peer review organizations (PROs). If states employed similar organizations that do not have PRO qualifications (PRO-like entities) to perform those utilization review activities, the state received a federal match of 50 percent. The act allows states to receive a 75-percent match for medical utilization and review activities performed by those PRO-like entities. In those states that currently use PRO-like entities to perform medical utilization and review activities, federal Medicaid administrative costs are likely to increase by the difference between the match rates. CBO estimates that this provision will increase Medicaid spending by less than $50 million over the 2000-2004 period.

Optional deferment of the effective date for outpatient drug agreements. Under prior law, when new manufacturers of outpatient prescription drugs entered into agreements under the Medicaid drug rebate program, the agreement was not effective until the first day of the calendar quarter that began more than 60 days after the date the agreement was entered into. The act gives states the option to consider the agreement effective on any date between the time the agreement is entered into and the date it would have become effective under prior law.

CBO estimates that this provision will cost less than $500,000 over the 2000-2004 period. Very few new manufacturers enter into rebate agreements with the Medicaid program each year. In most cases the agreements are entered into well before a drug manufactured by a new manufacturer is available for distribution on the market. In addition, states often require time after becoming aware of a new drug to update their systems to cover the drug and to notify pharmacies of the change. Nonetheless, it is possible that this change in law could result in very small additional costs to the federal government.

H.R. 3426, Title VII: SCHIP

CBO estimates that this title will increase federal spending on the State Children's Health Insurance Program by $0.2 billion over the 2000-2004 period. The provisions that will affect spending are discussed below.

Increased allotments for Puerto Rico and the territories. Under prior SCHIP law, the territories were allotted 0.25 percent of the total amount made available to all states and territories each year. In a 1999 appropriation act (Public Law 105-277), the Congress provided an extra $32 million to the territories. H.R. 3426 provides the territories with an additional $34.2 million in 2000 and 2001, $25.2 million each year for 2002 through 2004, $32.4 million in each of 2005 and 2006, and $40 million for 2007. CBO assumes that the full amount of the additional allotment will be spent in each year, resulting in increased federal spending of about $0.1 billion in the 2000-2004 period.

Improved data collection and evaluations of the SCHIP program. The act appropriates funds for three different research activities related to the SCHIP program. First, $10 million a year will be available to the Bureau of the Census to make adjustments to the Current Population Survey to produce more reliable state-level data on the number of low-income children who do not have health insurance coverage. Second, $9 million a year will be available to the National Center for Health Statistics to collect data on children's health insurance through the State and Local Area Integrated Telephone Survey. Third, $10 million will be available beginning in 2000 for federal evaluation of SCHIP programs in 10 states. CBO estimates those provisions will cost $0.1 billion over the 2000-2004 period.

H.R. 3427, Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001

H.R. 3427 authorizes appropriations for the Department of State for years 2000 and 2001, provides for certain arms control, nonproliferation, and other national security measures, and releases funds previously appropriated for payment to the United Nations.

Arrears to the United Nations. Subtitle B authorizes the appropriation of funds to pay amounts owed by the United States under various treaties to the U.N. and related agencies. Appropriation acts provided $100 million in 1998 and $475 million in 1999 for the payment of arrears to the United Nations. Those funds have not been obligated yet, pending authorization and other contingencies. CBO estimates that enactment of H.R. 3427 permits the $100 million provided for 1998 to be obligated and disbursed in 2000. As a result, we estimate that outlays will increase by $100 million in 2000 and decrease by $100 million in 2001. The act contains conditions that are likely to delay obligation of the $475 million until 2001, as already assumed in the CBO baseline.

Equipment Stockpiles in Foreign Countries. The act authorizes an additional $400 million worth of excess defense articles to be transferred to the War Reserve Stockpile for Allies (WRSA) in Korea and Thailand. In addition, section 1232 permits the Secretary of Defense to augment defense appropriations by exchanging items in the WRSA for Korea and Thailand for cash, services, waiver of charges, and other items of value. Under prior law, DoD had the authority to sell defense items from stock, but the cash proceeds from sales were returned to the Treasury. CBO expects that under H.R. 3427, DoD will barter with Korea and Thailand instead of selling items to them. CBO estimates that forgone sales will total about $30 million a year, based on information from DoD about how it used similar authority in the past. (In 1996, DoD negotiated a package of concessions with Korea for items from the WRSA that had a fair-market value of $67 million. That amount represents the impact of similar authority that DoD had over a two-year period.) The forgone sales will reduce offsetting receipts, which are a credit against direct spending.

Asset Sales. Section 1222 permits the sale of excess Coast Guard equipment under the AECA. The Coast Guard usually disposes of excess defense articles by making grants under section 516 of the Foreign Assistance Act of 1961, but it has been asked to sell one vessel with an estimated market value of approximately $500,000. CBO estimates the sale will occur in 2001, when that vessel would be taken out of service.

TABLE 4. ESTIMATED BUDGETARY EFFECTS OF THE ADMIRAL JAMES W. NANCE AND MEG DONOVAN FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2000 AND 2001 (H.R. 3427)

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	30	30	30	30	30
Estimated Outlays	130	-70	30	30	30
CHANGES IN ASSET SALES[a]					
Estimated Budget Authority	0	-1	0	0	0
Estimated Outlays	0	-1	0	0	0

a. Under the Balanced Budget Act of 1997, proceeds from a nonroutine asset sale may be counted for purposes of pay-as-you-go scoring only if the sale would entail no net financial cost to the government. CBO estimates that the nonroutine asset sales that would result from enacting the bill would generate a net savings to the government, and therefore that the proceeds would be counted for pay-as-you-go purposes.

S. 1948, Intellectual Property and Communications Omnibus Reform Act of 1999

Satellite Transmissions. Title I allows satellite carriers (companies that use satellite transmissions to provide television signals directly to consumers) to retransmit the signals of local television broadcast stations into the local markets of those stations. The act allows a local broadcast station to require, by January 1, 2002, satellite carriers that serve customers in its market to transmit its signal. In addition, the act eliminates a 90-day waiting period that formerly existed for households that switch from cable to satellite service.

Under the Satellite Home Viewer Act of 1988 (Public Law 100-667), satellite carriers pay a monthly royalty fee (which is classified as a governmental receipt) for each subscriber to the U.S. Copyright Office for the right to retransmit distant network and superstation signals by satellite to subscribers for private home viewing. The Copyright Office later distributes the fees to those who own copyrights on the material retransmitted by satellite. S. 1948 requires that satellite carriers continue to pay royalty fees to the federal government through December 31, 2004. It reduces the royalty fee previously charged to superstations by 30 percent, to $0.19 per subscriber per channel per month, and the fees previously paid by network stations by 45 percent to $0.15, per subscriber per channel per month.

TABLE 5. ESTIMATED BUDGETARY EFFECTS OF INTELLECTUAL PROPERTY AND COMMUNICATIONS OMNIBUS REFORM ACT OF 1999 (S. 1948)

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CHANGES IN OUTLAYS FROM DIRECT SPENDING										
Title I, Satellite Transmissions	0	3	19	33	91	104	104	114	73	23
Title V, Spectrum Auctions	0	0	100	0	0	0	0	0	0	0
Title VI, Superfund Recycling	0	1	1	2	2	2	2	2	2	2
Total Changes in Outlays	0	4	120	35	93	106	106	116	75	25
CHANGES IN REVENUES										
Title I, Satellite Transmissions	15	90	104	119	135	74	0	0	0	0

CBO estimates that this title will result in a net increase in revenues of $463 million over the 2000-2004 period and of $74 million over the 2005-2009 period. After review by an arbitration panel, royalty fees are paid to copyright owners, along with accrued interest earnings. With higher royalty collections, the payments to copyright holders will also be higher under this provision, by an estimated $146 million over the 2000-2004 period, and by another $418 million over the following five years. CBO assumes that payments from the federal government to copyright holders for satellite transmissions would follow historical patterns.

Spectrum Auctions. Title V directs the Federal Communications Commission (FCC) to establish rules and procedures under which certain low-power television stations could change their regulatory status and associated broadcast rights. CBO estimates this section will result in a net loss of about $100 million in offsetting receipts from spectrum auctions planned for 2002. Changes could also lead to a loss of additional amounts in future years, but CBO estimates that there would be no additional impact through 2007, when the FCC's authority to auction spectrum use rights is scheduled to expire.

Superfund Recycling. Title VI exempts certain recycling companies from liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, commonly known as the Superfund Act, which governs the cleanup of sites contaminated with hazardous substances. The Environmental Protection Agency's (EPA's) enforcement program attempts to recover costs the agency incurs at cleanup projects that are the responsibility of private parties. Under this title, CBO estimates that such recoveries will decline slightly because the Superfund liability of some potentially responsible parties (PRPs) is eliminated. To the extent that EPA can recover from other remaining PRPs the funds it otherwise would have sought from the exempted recyclers, any loss in cost recoveries may be minimized. We estimate that this title will lead to a decrease in offsetting receipts to the Treasury of less than $500,000 in fiscal year 2000 and a total of $16 million over the 2000-2009 period.

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