



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 12, 2007

H.R. 493
Genetic Information Nondiscrimination Act of 2007

As reported by the House Committee on Energy and Commerce on March 29, 2007

H.R. 493 would amend the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act, and Title XVIII of the Social Security Act to prohibit the use of genetic information (including results of genetic tests and family history of disease) by employers in employment decisions and by health insurers and health plans in making enrollment determinations and setting insurance premiums.

CBO estimates that enacting the bill would increase the number of individuals who obtain health insurance by about 600 people per year, nearly all of whom would obtain insurance in the individual market. The bill would affect federal revenues because the premiums paid by some of those newly insured individuals would be tax-deductible.

CBO estimates that enacting H.R. 493 would reduce revenues by less than \$500,000 in each year from 2008 through 2017, by \$1 million over the 2008-2012 period, and by \$2 million over the 2008-2017 period. (These estimates include reductions in off-budget receipts from Social Security payroll taxes of less than \$500,000 over the 2008-2012 period, and slightly less than \$1 million over the 2008-2017 period.) The bill's requirements would apply to Medicare supplemental insurance, which could affect direct spending for Medicare. However, we estimate that the bill would have no significant effect on direct spending.

The bill would require the Secretaries of Health and Human Services (HHS), Labor, and the Treasury to issue regulations to carry out the provisions of this bill, and would require the Secretaries of HHS and Labor to enforce those provisions. In addition, six years after enactment, the bill would establish a commission to review the science of genetics and to make recommendations to the Congress on the need to establish a disparate impact standard for genetic discrimination. The bill would authorize the appropriation of such sums as necessary to establish the commission and to carry out the other provisions of the bill. Assuming the availability of appropriated funds, CBO estimates that implementing H.R. 493 would incur discretionary costs of less than \$500,000 in 2008 and \$2 million over the 2008-2017 period.

H.R. 493 would preempt some state laws that establish confidentiality standards for genetic information, and would restrict how state and local governments use such information in employment practices and in the provision of health care to employees. The preemption and the limitations on state and local actions would be intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but there is little indication that state, local, or tribal governments currently engage in or are likely to engage in the activities that would be prohibited by the bill. Consequently, CBO estimates that the costs of the mandates would not be significant and would not exceed the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

The bill contains private-sector mandates on health insurers, health plans, employers, labor unions, and other organizations. CBO estimates that the direct cost of those requirements would not exceed the annual threshold specified in UMRA (\$131 million in 2007, adjusted annually for inflation) in any of the first five years that the mandates would be effective.

CBO has prepared two previous estimates for H.R. 493. On March 2, 2007, CBO transmitted an estimate for H.R. 493 as ordered reported by the House Committee on Education and Labor on February 14, 2007. On March 23, 2007, CBO transmitted an estimate for H.R. 493 as ordered reported by the House Committee on Ways and Means on March 21, 2007. The Ways and Means version differs from the other two versions in that it would make conforming modifications to the Internal Revenue Code. CBO and the Joint Committee on Taxation estimate that those conforming modifications would have no incremental budgetary effect. The Energy and Commerce version differs from the other two versions in that it makes conforming modifications to privacy and confidentiality provisions of the Public Health Services Act and the Social Security Act. CBO estimates that those modifications would have no incremental budgetary effect. Thus, CBO's estimates for the three versions of the legislation are identical.

The CBO staff contacts for this estimate are Shinobu Suzuki (for federal costs), Leo Lex (for the state and local impact), and Stuart Hagen (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.