CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

January 10, 2002

S. 1741
Native American Breast and Cervical Cancer Treatment Technical Amendment Act of 2001

As cleared by the Congress on December 20, 2001

SUMMARY

The Medicaid program allows states to cover women who have been diagnosed with breast or cervical cancer under a Centers for Disease Control and Prevention (CDC) screening program and do not have another source of health coverage. The definition of health coverage used in current law includes the Indian Health Service (IHS). S. 1741 would remove the IHS from this definition and make more Native American women eligible for Medicaid. CBO estimates that this act would increase federal Medicaid spending by $3 million over the 2002-2006 period, and by $12 million over the 2002-2011 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of S. 1741 on direct spending is shown in the following table. Only the estimated changes through fiscal year 2006 are counted for pay-as-you-go purposes. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	0	0	1	1	1	1	2	2	2	2
Changes in receipts	Not applicable									

BASIS OF ESTIMATE

The Congress created the National Breast and Cervical Cancer Early Detection Program in 1990 and appropriated $193 million for the program for fiscal year 2002. The program is administered by the CDC. Program funds support screening activities in all 50 states, the District of Columbia and U.S. territories, and for several American Indian/Alaskan Native organizations. States set their own eligibility levels, at or below 250 percent of the federal poverty line. Most states have set eligibility criteria at about 200 percent of poverty. Program funds are not available for treating breast and cervical cancer.

Under the Breast and Cervical Cancer Prevention and Treatment Act of 2000 (Public Law 106-354), states can provide Medicaid eligibility to women who are screened under the CDC program and found to have breast or cervical cancer. Eligibility is limited to women who do not have another source of health coverage, and the definition of health coverage used in the law includes the IHS. By removing the IHS from this definition, the act would make certain Native American women eligible for Medicaid. The effect of S. 1741 on federal spending depends on the number of women who would receive Medicaid benefits under the act, the cost of treatment, and the number of states that cover women with breast or cervical cancer in their Medicaid programs. The following discussion of the effects of the act focuses on the costs of breast cancer treatment, which account for more than 90 percent of the total cost.

CBO estimates that S. 1741 would increase federal Medicaid spending by less than $500,000 in 2002 and 2003, by $1 million annually from 2004 through 2007, and by $2 million annually from 2008 through 2011. The act would raise Medicaid enrollment by about 100 women in 2002, rising to 500 by 2011. Per capita spending for these new enrollees would be about $2,100 in 2002 and would increase to $4,600 in 2011.

Number of Beneficiaries

According to the most recent data available, the states provided 218,000 mammograms with funds available under the CDC screening program in 1999. Some states supplement the CDC screening funds with their own funds for screening, diagnosis, and treatment. CBO anticipates that the number of mammograms under the CDC program would rise to 580,000 by 2006 as states redirect funds for diagnosis and treatment to supplement the screening funds in the CDC program. States will have an incentive to shift funds into the CDC screening program to increase their access to federal Medicaid funds for diagnosis and treatment.

Based on historical data from CDC, CBO assumes that 5 percent of the women screened under the CDC program would be Native Americans. Since the inception of the CDC

program, about 0.5 percent (or 5 per 1,000) of the women screened have been found to have breast cancer. Another 7 percent have had abnormal screens that require additional diagnosis and perhaps minor treatment. CBO assumes that the same incidence of cancer and other abnormal results would apply to Native American women under this act, resulting in the identification of about 150 new cancers and 1,900 abnormal mammograms each year by 2006.

Under current law, CBO estimates that most women who live in states that offer Medicaid coverage would already qualify. Many Native Americans are not eligible to use the IHS because they are not members of a federally recognized tribe. Even among recognized tribes, many members (for example, those who do not live on or near a reservation) do not use the IHS. Based on information from the IHS and the Census Bureau, CBO estimates that only about 45 percent of Native Americans use the IHS.

Furthermore, the Centers for Medicare & Medicaid Services has indicated that Native American women should be considered covered by IHS—and thus ineligible for Medicaid coverage—only if they could actually receive *treatment* for breast or cervical cancer through the IHS. Since IHS facilities typically provide only basic health services, this interpretation excludes most women who use the IHS. CBO assumes that only 25 percent of the women who regularly use the IHS would be able to receive treatment through the IHS. Overall, CBO anticipates that about 10 percent of the Native American women diagnosed with breast or cervical cancer would be considered covered by the IHS and thus affected by S. 1741.

Cost of Treatment

Based on data from a large health maintenance organization, CBO has estimated the average cost of breast cancer treatment by age and year since diagnosis. In the first year after diagnosis, CBO estimates that cancer treatment costs about $21,000. In subsequent years, CBO estimates about $8,000 a year in ongoing care costs, until the last year of a patient's life, when costs total about $36,000. CBO estimated age-specific mortality rates from the time of diagnosis using information from the National Cancer Institute's Surveillance, Epidemiology, and End Results Program.

For women who have an abnormal mammogram, but who are not ultimately diagnosed with cancer, CBO estimates average treatment costs of about $2,000 in the year after the mammogram for follow-up diagnostic and treatment services.

The costs discussed above are combined federal and state costs for breast cancer treatment only and are expressed in 2002 dollars. Because women with breast cancer receive full Medicaid coverage during the time they need treatment, CBO added about $1,000 a year to

the costs of cancer treatment (one-third of the average per-capita Medicaid costs for adults) to determine total Medicaid costs. CBO expects that the average annual cost of treatment would rise at the same rate as the Consumer Price Index for medical care. States receive an enhanced federal Medicaid match rate for services provided to these women. This enhanced federal match rate, which is also used in the State Children's Health Insurance Program, equals 70 percent, on average, compared to 57 percent for the regular match rate.

State Participation

As of January 2002, 33 states have expanded their Medicaid programs to cover women with breast or cervical cancer. CBO anticipates that almost all states—accounting for 95 percent of potential Medicaid costs—will cover women with breast or cervical cancer by 2003.

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