



Weekly Checkup

Keeping Score

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From time to time, it seems like Congress could use a reminder about the purpose of the Congressional Budget Office (CBO). To that end, my forthcoming insight will explore how CBO scores preventive health legislation, review the purpose of a CBO score and the factors that go into the score of a preventive health policy, and explain what those factors mean for a given policy's score. Below is a preview.

First, what is a CBO score and what is its purpose? A CBO score is a budget estimate of federal legislation that provides Congress with the budgetary implications of a given policy. In short, a CBO score is a cost analysis. It is not a cost-effectiveness analysis nor is it a cost-benefit analysis. CBO looks only at the costs and savings to the federal government, usually (but not always) over a 10-year period, and does not normally account for, or pass judgment on, economic impacts, non-budgetary benefits, or other expected impacts of a proposed policy. **To create a score for preventive health legislation, CBO must first establish a baseline to which all CBO scores are compared. That baseline assumes no further changes in law are made, providing a counterfactual used to compare the score of a given proposed policy.** CBO then identifies the population affected by the policy, estimates the change in national health spending (both public and private) that would result from the policy, and finally estimates what federal budgetary effects the change in national health spending would have.

What factors does CBO consider when calculating a score? Beyond simply identifying the population to which the policy would apply, CBO examines expected utilization rates, effectiveness of the service, potential injury to patients from the service itself, increased longevity as a result of the service, and other relevant variables. CBO estimates these factors using a mix of federal data sources and relevant scientific studies. The agency must also factor in the payer mix - what percentage of the cost will be borne by the government, the patient, and/or a private payer.

Each of these scoring factors creates a challenge for policymakers: Generally speaking, preventive health measures don't save much money. A [2008 study](#) on preventive services, for example, found that only 20 percent of preventive services actually reduced overall health spending. After accounting for potential increases in longevity, savings are even harder to come by. Morbid as it may be, the reality is that the longer people live, the more costs they tend to produce for Medicare and Social Security. **This is not to say that lawmakers shouldn't pursue preventive health policies that don't score well, but to caution that they shouldn't expect budgetary savings from every preventive health policy.**

The most important thing to remember is that a CBO score is simply an estimate of federal budget costs in a specific window of time. It can't tell Congress the societal value of a policy - CBO doesn't measure quality of life or economic impacts. **CBO scoring is a valuable tool to help lawmakers decide how best to allocate limited resources, but it is neither a sword to wield nor a shield to hide behind when debating the potential long-term merits or drawbacks of a policy change.**