



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 6, 1998

**H.R. 3980
Persian Gulf War Veterans Health Care and Research Act of 1998**

*As ordered reported by the House Committee on Veterans' Affairs
on June 24, 1998*

SUMMARY

H.R. 3980 would temporarily extend the eligibility of certain veterans of the Persian Gulf War for priority medical care from the Department of Veterans Affairs (VA). It would also extend similar benefits to certain veterans of future wars or hostilities. H.R. 3980 would require VA to contract with the National Academy of Sciences (NAS) for several studies relating to the care and treatment of Persian Gulf veterans and the health consequences of service in the Persian Gulf War. CBO estimates that these provisions would result in outlays of \$76 million in 1999 and \$369 million over the 1999-2003 period, assuming appropriation of the necessary amounts.

Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3980 over the 1999-2003 period is shown in the following table. The costs of this legislation would fall within budget function 700 (veterans affairs).

TABLE 1. BUDGETARY IMPACT OF H.R. 3980 AS ORDERED REPORTED BY THE HOUSE VETERANS' AFFAIRS COMMITTEE (By fiscal year, in millions of dollars)

	1998	1999	2000	2001	2002	2003
Spending Under Current Law for Veterans' Medical Care						
Estimated Authorization Level ^a	17,739	17,739	17,739	17,739	17,739	17,739
Estimated Outlays	17,615	18,122	17,763	17,739	17,739	17,739
Proposed Changes						
Eligibility for Priority Care						
Estimated Authorization Level	0	74	101	105	27	0
Estimated Outlays	0	66	98	104	35	4
National Center for the Study of War-Related Illnesses						
Estimated Authorization Level	0	8	13	12	13	13
Estimated Outlays	0	7	13	12	13	13
Studies by the National Academy of Sciences						
Estimated Authorization Level	0	3	0	1	0	1
Estimated Outlays	<u>0</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Subtotal - Proposed Changes						
Estimated Authorization Level	0	85	115	118	40	14
Estimated Outlays	0	76	111	117	48	17
Total Spending Under H.R. 3980 for Veterans' Medical Care						
Estimated Authorization Level ^a	17,739	17,824	17,854	17,857	17,779	17,753
Estimated Outlays	17,615	18,198	17,874	17,856	17,787	17,756

NOTE: Details may not add to totals because of rounding.

a. The 1998 level is the amount appropriated for that year. The current law amounts for 1999-2003 assume that appropriations remain at the 1998 level. If they are adjusted for inflation, the base amounts would rise by about \$600 million a year, but the estimated changes would remain as shown.

Eligibility for Priority Care. Under current law, veterans with compensable service-connected disabilities or income below a certain threshold have priority status for VA medical care. In addition, current law grants all veterans who served in the Southwest Asia theater during the Persian Gulf War (PGW) priority status for medical care until December 31, 1998. Section 2 would extend eligibility for priority care to these PGW

veterans until December 31, 2001. (Eligibility based on disability and income would remain part of permanent law.)

CBO estimates that the cost of extending priority care under this bill would be \$66 million in 1999 and \$306 million over the three-year extension, assuming appropriation of the necessary amounts. CBO estimates that about 136,000 PGW veterans would seek priority medical care annually under this bill. This estimate is based on the number of PGW veterans who received outpatient care from the VA through April 30, 1998, according to an analysis of VA's Patient Treatment File. But many of these veterans would already be eligible for priority-level care based on service-connected disabilities or income. CBO assumes that 40 percent would qualify for priority care for those reasons, based on the proportion of PGW patients that VA treated in 1996 who met those conditions. We estimate that the other 60 percent--roughly 80,000 veterans per year--would receive additional care costing about \$1,300 per person each year.

In addition, section 2 would grant priority status for five years after the date of military discharge to veterans who served in theater during future wars or in combat during future periods of hostilities. As with Persian Gulf veterans, those veterans would be eligible for priority care for any illness, notwithstanding insufficient medical evidence linking such illness to military service. This estimate does not include any medical costs that may result from this provision because CBO cannot predict future wars and conflicts.

National Center for the Study of War-Related Illnesses. Section 3 would require the Veterans Health Administration (VHA) to establish a National Center for the Study of War-Related Illnesses. CBO estimates the new center would cost \$7 million in 1999 and \$58 million over the 1999-2003 period. This estimate assumes the new center would operate like the VA's Geriatric Research, Education, and Clinical Center (GRECC) because it would have a similar mission--coordinating clinical, research, and educational activities of the VA. Although GRECC operates at 26 sites now, it began with eight sites when it was established in 1975. This estimate assumes the new center would operate four sites in 1999 and eight sites in 2000 and thereafter. CBO assumes that its more limited focus would not require the new center to expand beyond eight sites. The estimate assumes start-up costs of about \$1 million at each site and annual recurring costs of about \$1.5 million per site, comparable to GRECC's costs.

Studies by the National Academy of Sciences. Sections 4 and 5 would require VA to contract with the National Academy of Sciences (NAS) for three studies related to Persian Gulf War veterans. The first study would be directed toward developing a methodology that VA could use to assess treatments provided to Persian Gulf War veterans. The second study would develop a curriculum for the care and treatment of Persian Gulf Veterans who have

undiagnosed illnesses. The third study would provide periodic review of and recommendations for federally funded research on the health consequences of service in the Persian Gulf theater. CBO assumes the third study would entail a report from NAS every two years beginning in 1999. CBO estimates the three studies would cost a total of \$3 million in 1999 and \$5 million over the 1999-2003 period.

PAY-AS-YOU-GO CONSIDERATIONS: None

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Shawn Bishop

Impact on State, Local, and Tribal Governments: Marc Nicole

Impact on the Private Sector: Rachel Schmidt

ESTIMATE APPROVED BY:

Robert A. Sunshine

Deputy Assistant Director for Budget Analysis