



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 30, 2005

**H.R. 2963
Dr. James Allen Disabled Veterans Equity Act**

As introduced on June 17, 2005

SUMMARY

H.R. 2963 would allow certain veterans who receive veterans' disability compensation for impairment of vision in one eye that is rated as service-connected and compensable at a rate of at least 10 percent to be eligible to receive such compensation for impairment of vision in the other eye that is deemed not related to military service. CBO estimates that enacting this legislation would increase direct spending for veterans' disability compensation by \$3 million in 2006, \$61 million over the 2006-2010 period, and about \$185 million over the 2006-2015 period.

H.R. 2963 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. 2963 is shown in the following table. This estimate assumes that the legislation will be enacted by December 31, 2005. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	3	8	13	17	20	23	24	25	26	26
Estimated Outlays	3	8	13	17	20	23	24	25	26	26

BASIS OF ESTIMATE

For veterans with vision impairment, current law requires that a veteran must be diagnosed as blind in both eyes for vision impairment that was not caused by military service to be rated as service-connected for the purposes of disability compensation. H.R. 2963 would allow certain veterans who receive veterans' disability compensation for impairment of vision in one eye that is rated as service-connected and compensable at a rate of at least 10 percent to be eligible to receive compensation for impairment of vision in the other eye that is deemed not related to military service. Thus, the change in eligibility would increase the amount of compensation paid to certain veterans. In total, CBO estimates that enacting H.R. 2963 would increase direct spending for veterans' compensation by \$3 million in 2006, \$61 million over the 2006-2010 period, and about \$185 million over the 2006-2015 period.

Veterans Already Receiving Disability Compensation for Vision Impairment

The Department of Veterans Affairs (VA) reports that, as of September 30, 2004, disability compensation was being paid for about 117,000 incidences of service-connected, eye-related disability amongst veterans. This figure, however, does not reflect the number of unique veterans who receive disability compensation for eye-related disabilities, since a veteran may exhibit more than one eye-related disability and hence be counted more than once in the reported data. VA also reports, as of that same date, that there were about 45,000 unique veterans receiving disability compensation primarily due to eye disease or impairment of vision. VA data does not indicate whether these veterans were receiving such compensation for impairments in one or both eyes.

Based on information from VA, CBO assumes, for this estimate, that the population of roughly 45,000 veterans receiving disability compensation primarily because of eye disease or impairment of vision would most likely constitute the bulk of veterans that would be affected by enactment of this bill. After evaluating that data, CBO reduced the population

further to 37,000 veterans, for 2006, to account for eye diseases that would likely not cause impairment of vision (such as the loss of eyebrows), veterans rated as either zero-percent disabled or 100 percent disabled (ratings that would not be eligible for an increase under the bill), and veteran mortality since September 30, 2004. Finally, while VA data does not indicate whether a veteran's disability rating considered conditions in one or both eyes, VA indicated that between 30 percent and 50 percent of the veterans currently on the rolls for eye disabilities were rated as service-connected for both eyes. Based on that information, CBO assumes that 40 percent of the affected population are currently receiving disability compensation for service-connected disabilities in both eyes, and therefore, would have ratings that would be unaffected by enactment of H.R. 2963. Thus, CBO estimates that about 22,000 veterans in 2006 might qualify for an increase in their disability rating under this bill.

VA indicates that veterans receiving disability compensation are, on average, 57 years old. According to information from the National Institutes of Health and a report on vision loss prepared by researchers at the University of Washington, the most common causes of impairment of vision in persons age 40 and older are age-related maculopathy, cataracts, and glaucoma. Those organizations report that about 30 percent of persons over the age of 40 experience increased impairment of vision due to one or more of those conditions. Because VA does not track the progression of vision impairment in the veterans' population, CBO assumes that veterans experience vision impairment from these same conditions at the same rate.

Thus, CBO estimates that about 6,700 of the roughly 22,000 veterans discussed above would likely experience additional vision loss that could qualify them for a disability rating increase under the bill. Using data provided by VA, CBO estimates that about 15 percent of veterans who are already receiving disability compensation apply for a reevaluation of their rating each year. After adjusting for claims processing times, CBO estimates that just over 1,000 of these veterans would receive an increase in their disability rating in 2006 and that number would increase to a little over 5,000 veterans by 2015.

In addition, based on VA data, CBO estimates that about 180 veterans who currently have a zero-percent disability rating for eye-disease or vision impairment would apply to have their rating reevaluated sometime over the 2006-2013 period. According to VA, if a veteran were to be reevaluated for an eye disability and qualify for a 10 percent rating for the service-connected eye, they would then take any vision impairment in the nonservice-connected eye into account when determining the veteran's disability rating.

The average disability rating for a veteran receiving disability compensation for an eye-related condition was 30 percent in 2004 and the average annual compensation payment for that rating was \$4,230. Using data from VA about the average rating increase for veterans

currently on the disability compensation rolls with a 30 percent rating, CBO expects that the average disability rating for veterans qualifying under the bill would increase to 50 percent and that the average annual disability compensation payment would increase by \$4,350 (expressed in 2004 dollars). For veterans with a zero-percent disability rating who come in for a reevaluation, CBO expects that their average disability rating would increase to 30 percent, or an annual increase of \$3,363, expressed in 2004 dollars. After adjusting for cost-of-living increases, CBO estimates that enacting this legislation would increase direct spending for veterans' disability compensation for veterans currently on the rolls by \$2 million in 2006, about \$50 million over the 2006-2010 period, and \$137 million over the 2006-2015 period.

New Accessions

According to information from VA, in 2004 there were roughly 2.6 million veterans receiving veterans' disability compensation and less than 2 percent of those veterans were rated disabled primarily due to eye disease or vision impairment. Using both discharge data from the Department of Defense, information from VA on new compensation cases, the information and assumptions above regarding common eye disabilities for persons over age 40, and the rate at which veterans return to be reevaluated, CBO also estimates that, over the 10-year period, about 1,900 veterans out of the almost 16,000 veterans who would receive ratings primarily for eye disease or vision impairment for the first time each year would be eligible for a higher disability rating.

Assuming that disability ratings for veterans qualifying under the bill would increase from 30 percent to 50 percent, that the average annual disability compensation payment would increase by \$4,350 (expressed in 2004 dollars), and that payments are adjusted for cost-of-living increases, CBO estimates that enacting this legislation would increase direct spending for veterans' disability compensation for veterans coming onto VA's disability compensation rolls (i.e., for new accessions after enactment) by \$1 million in 2006, \$12 million over the 2006-2010 period, and \$49 million over the 2006-2015 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2963 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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