



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 7, 2008

S. 2162

Veterans Mental Health Improvements Act of 2007

*As ordered reported by the Senate Committee on Veterans' Affairs
on November 14, 2007*

SUMMARY

S. 2162 would require the Department of Veterans Affairs (VA) to expand the treatments and services available to veterans suffering from disorders related to post-traumatic stress, substance abuse, and other mental health problems. In total, CBO estimates that implementing S. 2162 would cost about \$880 million over the 2008-2013 period, assuming appropriation of the specified and estimated amounts. Enacting the bill would not affect direct spending or revenues.

S. 2162 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2162 is shown in Table 1. The costs of this legislation fall within budget function 700 (veterans benefits and services).

BASIS OF ESTIMATE

CBO assumes that the legislation will be enacted by the middle of calendar year 2008, that the specified and estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for the VA medical services program. (Funding for 2008 would have to be provided in a supplemental appropriations act.)

TABLE 1. ESTIMATED BUDGETARY IMPACT OF S. 2162

	By Fiscal Year, in Millions of Dollars					
	2008	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	42	168	165	170	174	182
Estimated Outlays	36	155	164	168	174	180

Clinician Teams

Section 103 would require VA to ensure that veterans being treated for both substance use disorder and another mental health disorder receive treatment by a health professional trained in both disorders, a team of clinicians with the appropriate expertise, or coordinated but separate services for each disorder. According to VA, the average annual cost of its five existing teams for substance use and post-traumatic stress disorders (PTSD) is about \$520,000. CBO estimates that establishing similar teams in the remaining 148 medical centers would cost \$439 million over the 2008-2013 period, assuming appropriation of the necessary amounts (see Table 2).

Treatment for Substance Use Disorders

Section 102 would require VA to provide certain services and treatments to veterans suffering from substance use disorders, either at VA medical facilities or through contracts at community-based organizations. After adjusting for anticipated inflation, CBO estimates that implementing this provision would cost \$378 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

According to VA, some of the services and treatments specified under the bill are already being provided. Most of the costs of this provision stem from providing detoxification and stabilization services, residential care, and intensive outpatient care, which are discussed below. Other services, such as counseling, opiate substitution therapy, other pharmacological treatments, and relapse prevention, would result in additional costs of about \$20 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

Detoxification and Stabilization Services. Based on information from VA, CBO estimates that to provide the detoxification and stabilization services specified in the bill, VA would need to hire 153 advanced practice nurses (one at each medical center) at an annual cost of \$135,000 each (in 2008 dollars). CBO estimates that implementing this provision would cost \$118 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

TABLE 2. COMPONENTS OF THE ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER S. 2162

	By Fiscal Year, in Millions of Dollars					
	2008	2009	2010	2011	2012	2013
Clinician Teams						
Estimated Authorization Level	19	80	83	86	90	93
Estimated Outlays	17	73	82	85	89	93
Treatment for Substance Use Disorders						
Estimated Authorization Level	19	71	70	73	76	79
Estimated Outlays	17	65	70	72	75	79
Centers of Excellence						
Estimated Authorization Level	1	13	8	8	8	9
Estimated Outlays	1	12	8	8	8	9
Research Program on Comorbid Disorders						
Authorization Level	2	2	2	2	0	0
Estimated Outlays	*	2	2	2	2	*
Pilot Programs						
Estimated Authorization Level	1	2	1	*	0	0
Estimated Outlays	*	2	1	1	*	0
Report on Residential Facilities						
Estimated Authorization Level	0	1	1	0	0	0
Estimated Outlays	0	1	1	*	*	0
Total Changes						
Estimated Authorization Level	42	168	165	170	174	182
Estimated Outlays	36	155	164	168	174	180

Notes: Components may not sum to totals because of rounding.

* = less than \$500,000.

Residential Care. Based on information from VA, CBO estimates that to provide residential care under the bill, VA would require an additional 110 beds nationwide at an annual cost of \$16 million and have start-up costs of \$5 million. CBO estimates that implementing this provision would cost \$97 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

Intensive Outpatient Care. According to VA, the intensive outpatient care required under the bill could be provided at both community-based outpatient clinics (CBOCs) and VA medical centers. Based on information from VA, CBO estimates that VA would hire the equivalent of 185 full-time counselors to work in over 1,000 CBOCs. Each counselor would provide group treatment (therapy of three hours a week over three months to 50 patients at a time) to about 200 patients a year, and would be paid an average of \$71,500 a year (in 2008 dollars).

Based on information from VA, CBO estimates that establishing similar intensive outpatient care in VA medical centers would require VA to upgrade programs in 50 medical centers by hiring three additional employees at each center, at an average annual cost of \$71,500. In addition, CBO estimates that VA would require additional appropriations of \$1 million a year to initiate specialty care for substance use disorders at one medical center.

In total, and after adjusting for anticipated inflation, CBO estimates that implementing this provision at CBOCs and medical centers would cost \$142 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

Centers of Excellence

Section 104 would require VA to establish at least six centers of excellence on PTSD and substance use disorders at its health care facilities. The centers would provide inpatient or residential treatment and recovery services to veterans. Based on information from VA and after adjusting for inflation, CBO estimates that each of the six centers would have 11 employees, annual operating costs of about \$1.3 million, and start-up costs of \$1 million. CBO estimates that implementing this provision would cost \$46 million over the 2008-2013 period, assuming appropriation of the necessary amounts.

Research Program on Comorbid Disorders

Section 301 would authorize the appropriation of \$2 million a year over the 2008-2011 period for research into comorbid (i.e., occurring concurrently) substance use disorders and PTSD in veterans. CBO estimates that implementing this provision would cost \$8 million over the 2008-2013 period, assuming appropriation of the authorized amounts.

Pilot Programs

Two sections of the bill would authorize new pilot programs to provide counseling, outreach, and other services to certain veterans. Based on information from VA, CBO estimates that

implementing these pilot programs would cost \$5 million over the 2008-2013 period, assuming appropriation of the specified and estimated amounts. Section 201 would require VA to study the feasibility of providing counseling, peer outreach, peer support, and other mental health services to veterans of Operation Iraqi Freedom and Operation Enduring Freedom, including the use of community health centers and the Indian Health Service to reach rural veterans. Section 402 would require VA to assess the feasibility of providing readjustment and transition assistance through private organizations, in collaboration with Vet Centers (community-based centers that provide counseling and outreach services to combat veterans and their families) and would authorize the appropriation of \$1 million a year over the 2008-2010 period.

Report on Residential Facilities

Section 106 would require VA to conduct reviews of all its residential facilities for mental health care and report to the Congress. Based on information from VA, CBO estimates VA would require two employees to review 134 facilities at a cost of \$2 million over the 2008-2013 period, assuming the availability of appropriated funds.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2162 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments that provide counseling and mental health services to veterans would benefit from program activities authorized in the bill. Any costs those governments incur to comply with service agreements would be incurred voluntarily.

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