



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 17, 2009

S. 423

Veterans Health Care Budget Reform and Transparency Act of 2009

As ordered reported by the Senate Committee on Veterans' Affairs on May 21, 2009

SUMMARY

S. 423 would authorize appropriations for certain programs within the Department of Veterans Affairs (VA). CBO estimates that implementing the bill would cost \$175 billion over the 2010-2014 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

S. 423 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 S. 423 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

BASIS OF ESTIMATE

For this estimate, CBO assumes that the specified and estimated authorizations will be appropriated near the start of each fiscal year beginning with 2011, and that outlays will follow historical patterns for similar and existing programs.

	By Fiscal Year, in Millions of Dollars					2010- 2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Medical Services						
Estimated Authorization Level	0	34,715	35,333	35,925	36,727	142,700
Estimated Outlays	0	30,548	34,529	35,595	36,429	137,101
Medical Facilities						
Estimated Authorization Level	0	5,198	5,258	5,316	5,398	21,170
Estimated Outlays	0	4,025	4,773	5,095	5,322	19,215
Medical Support and Compliance						
Estimated Authorization Level	0	4,760	4,864	4,972	5,107	19,703
Estimated Outlays	0	4,231	4,781	4,925	5,066	19,003
Total Changes						
Estimated Authorization Level	0	44,673	45,455	46,213	47,232	183,573
Estimated Outlays	0	38,804	44,083	45,615	46,817	175,319

S. 423 would authorize appropriations for three specific budget accounts:

- Medical Services,
- Medical Facilities, and
- Medical Support and Compliance.

Under current law, appropriations for those budget accounts are provided each year. Starting in 2011 for each account listed above, the bill would authorize appropriations for that fiscal year as well as advance appropriations for the following fiscal year. CBO estimates that implementing the bill would cost \$175 billion over the 2010-2014 period, assuming appropriation of the necessary amounts.

CBO's estimates of the authorization of appropriations required under the bill are the same as projections for the 2011-2014 period in the most recent CBO baseline, completed in March 2009. Those amounts are derived from the 2009 appropriated level for each account and adjusted for anticipated inflation. CBO expects that those amounts would be sufficient to provide services at the current level. However, if VA were to significantly expand its health care programs—for example, to include certain veterans with higher incomes who are currently ineligible—additional funding would be required.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 423 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On June 16, 2009, CBO transmitted a cost estimate for H.R. 1016, the Veterans Health Care Budget Reform and Transparency Act of 2009, as ordered reported by the House Committee on Veterans' Affairs on June 10, 2009. The bills are similar, but H.R. 1016 would authorize appropriations for two additional budget accounts and CBO estimated it would cost almost \$187 billion over the 2010-2014 period, assuming appropriation of the necessary amounts.

ESTIMATE PREPARED BY:

Federal Costs: Sunita D'Monte

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Elizabeth Bass

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis