



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 29, 2012

S. 3313 **Women Veterans and Other Health Care Improvements Act of 2012**

*As ordered reported by the Senate Committee on Veterans' Affairs
on September 12, 2012*

SUMMARY

S. 3313 would expand the types and availability of infertility treatment provided by the Department of Veterans Affairs (VA). CBO estimates that implementing the bill would cost \$568 million over the 2013-2017 period, assuming appropriation of the estimated amounts. Enacting S. 3313 would not affect direct spending or revenues; therefore, pay-as-you go procedures do not apply.

S. 3313 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3313 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 the legislation will be enacted near the end of calendar year 2012, that the necessary amounts will be appropriated for each year, and that outlays will follow historical spending patterns for similar and existing programs.

Infertility Treatment for Veterans

Section 2 would expand the types of infertility treatments provided by VA to include assisted reproductive technology (ART) procedures, of which in vitro fertilization (IVF) is the most widely used. Under current policy, VA provides veterans with limited assistance for infertility treatments and covers the costs for delivery and newborn care for eligible veterans. CBO's estimate of the cost of this provision includes two components: the cost of providing the additional fertility services and the cost of providing additional delivery services for the resulting pregnancies.

	By Fiscal Year, in Millions of Dollars					2013- 2017
	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Infertility Treatment for Veterans						
Estimated Authorization Level	16	44	93	98	103	354
Estimated Outlays	14	41	88	97	102	342
Infertility Treatment for Certain Spouses and Surrogates						
Estimated Authorization Level	*	18	56	58	61	194
Estimated Outlays	*	16	51	58	61	186
Adoption Assistance						
Estimated Authorization Level	2	5	9	13	13	41
Estimated Outlays	2	4	8	12	13	40
Total Changes						
Estimated Authorization Level	19	66	157	169	178	589
Estimated Outlays	16	61	148	167	176	568

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

* = less than \$500,000.

The inclusion of ART as a covered treatment option would affect the health care costs of female veterans. To determine the number of female veterans that would use this new benefit, CBO examined the use of ART services among the general population as reported by the Centers for Disease Control (CDC). Based on that data, and making adjustments for the age of the veteran population and the number of enrollees in the VA health care system (and assuming that additional veterans would enroll to take advantage of the new benefit), CBO estimates that about 3,500 female veterans would use this benefit each year.

CBO estimates that the cost of those services would be about \$15,000 per user in 2013 or about \$64 million per year once the program is fully implemented (estimated to be in 2015); that estimate is based on publicly available pricing information for ART procedures from several fertility clinics. In addition to the cost of the procedures, VA would incur additional costs for some of the resulting pregnancies. Based on information from the CDC, CBO estimates that about a third of ART procedures result in a pregnancy. However, some VA enrollees are currently undergoing ART procedures outside of VA and the department then covers the cost of the resulting pregnancies. CBO estimates that about 560 additional pregnancies would result from the benefits provided by the bill's ART provision each year. Furthermore, CBO estimates the cost of each pregnancy would be about \$52,000 in 2013, based on information from private-sector studies. This amount is

significantly higher than the average cost of a pregnancy in the United States (about \$16,000) because it takes into account the higher percentage of multiple births and preterm deliveries associated with pregnancies that result from fertility treatments.

After accounting for inflation, and assuming that it would take a few years to fully implement this proposal, CBO estimates that, in total, implementing section 2 would increase costs to VA by \$342 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

Infertility Treatment for Certain Spouses and Surrogates

Section 3 would require the VA to provide fertility assistance services to the spouses and surrogates of veterans who, as a result of a service-connected disability, have difficulty fathering children.¹ CBO's estimate of the cost of this provision includes the cost of providing the fertility services as well as additional child delivery services for the resulting pregnancies for individuals eligible for CHAMPVA. CHAMPVA is an insurance program run by the VA for dependents and survivors of certain disabled veterans.

To estimate the number of veterans that would use this new benefit, CBO examined the use of ART services as reported by the CDC. Based on those data, and making adjustments for the age of the veteran population, and for the fact that their infertility must be caused by a severe service-connected condition, CBO estimates that about 3,500 veterans would use this benefit each year. Similar to section 2, CBO estimates an average cost of \$15,000 per user in 2013. In addition to the cost of the fertility assistance procedures, CBO also estimates that VA would incur additional costs of about \$3 million per year, once the program is fully implemented in 2015, to cover the cost of additional pregnancies.

In total, CBO estimates that implementing section 3 would increase costs to VA by \$186 million over the 2013-2017 period. The bill would require VA to establish the rules and regulations to implement section 3 within 18 months of the bill's enactment; therefore, the costs for treatments would begin in late 2014.

Adoption Assistance

Section 4 would allow VA to pay for adoption costs for severely wounded veterans with infertility conditions related to their service-connected disability. Such payments would be limited to the lesser of the cost of one cycle of IVF treatment and the costs associated with three adoptions.

1. This section also would provide VA with the authority to coordinate infertility counseling and treatment for the spouses and surrogates of the broader veteran population. However, absent further detail, VA cannot provide information on how they would implement the provision; therefore, CBO cannot estimate a cost.

Using data from the CDC on adoption rates, adjusted for the number of veterans eligible for the new benefit, CBO estimates that about 700 veterans each year would decide to adopt with VA's assistance. Based on information about adoption costs from the Department of Health and Human Services, CBO assumes that the cost of three adoptions would be higher than the cost for one cycle of IVF. As a result, CBO estimates that implementing this provision would cost \$40 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3313 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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