



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 21, 2013

S. 131

Women Veterans and Other Health Care Improvements Act of 2013

As ordered reported by the Senate Committee on Veterans' Affairs on July 24, 2013

SUMMARY

S. 131 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 \$578 million over the 2014-2018 period, assuming appropriation of the estimated amounts. Enacting S. 131 would not affect direct spending or revenues; therefore, pay-as-you go procedures do not apply.

S. 131 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. 131 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 early in fiscal year 2014, 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					2014-2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Infertility Treatment for Veterans						
Estimated Authorization Level	1	30	95	100	105	331
Estimated Outlays	1	27	88	98	104	318
Infertility Treatment for Certain Spouses and Surrogates						
Estimated Authorization Level	1	18	58	61	64	202
Estimated Outlays	1	16	54	60	63	194
Adoption Assistance						
Estimated Authorization Level	*	4	12	13	14	43
Estimated Outlays	*	4	11	13	14	42
Child Care Programs						
Estimated Authorization Level	3	3	3	3	3	15
Estimated Outlays	3	3	3	3	3	15
Counseling for Women in Retreat Settings						
Estimated Authorization Level	1	1	2	2	2	8
Estimated Outlays	1	1	2	2	2	8
Reproduction and Infertility Research						
Estimated Authorization Level	*	*	*	*	0	1
Estimated Outlays	*	*	*	*	*	1
Total Changes						
Estimated Authorization Level	6	56	170	179	188	600
Estimated Outlays	6	51	158	176	186	578

Note: * = less than \$500,000.

The inclusion of ART as a covered treatment option would affect federal health care spending for 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 a year.

CBO estimates that the cost of those services would be about \$16,000 per user in 2014 or about \$57 million once the program is fully implemented in 2016; 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 already covers the cost of roughly half of the pregnancies that would be covered under the bill's ART provision. Therefore, CBO estimates that about 550 additional pregnancies would be covered by the VA under the bill. Furthermore, CBO estimates the cost of each pregnancy would be about \$55,000 in 2014, 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 pre-term deliveries associated with pregnancies that result from fertility treatments. The total cost of those pregnancies would be about \$31 million once the program is fully implemented in 2016.

After accounting for inflation, and assuming that it would take about three years to write regulations and fully implement the proposal, CBO estimates that, in total, implementing section 2 would increase costs to VA by \$318 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

Infertility Treatment for Certain Spouses and Surrogates

Section 3 would require 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 (11 percent of the spouses). 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 the veteran's infertility must be caused by a severe service-connected condition in order to receive this benefit, CBO estimates that about 3,000 veterans would use this benefit each year. Similar to our analysis for section 2, CBO estimates an average cost of \$16,000 per user in 2014. In addition to the cost of the fertility assistance procedures, CBO also estimates that VA would incur additional costs of roughly \$3 million per year, once the program is fully implemented in 2016, to cover the cost of additional pregnancies.

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 for that additional authority.

In total, CBO estimates that implementing section 3 would increase costs to VA by \$194 million over the 2014-2018 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 2015.

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 fertility treatment and the costs associated with three adoptions.

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 (the most commonly used fertility treatment). CBO estimates that implementing this provision would cost \$42 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

Child Care Programs

Section 9 would allow VA to permanently extend existing pilot programs that provide child care for certain veterans who use VA medical facilities in no fewer than three Veteran Integrated Service Networks. Based on the authorization levels for the existing pilot programs, CBO estimates that implementing this program would cost \$15 million over the 2014-2018 period.

Counseling for Women in Retreat Settings

Section 10 would direct VA to establish a program that provides counseling in group retreat settings to certain female veterans who have recently separated from military service. VA recently reported on a completed pilot program with similar requirements. Roughly 130 women veterans participated in the program in six retreats over a two-year period. Based on the reported spending for the pilot program and assuming an increase in participation—to 650 participants in 15 retreat settings in 2014, and a doubling of the number of participants by 2018—CBO estimates that implementing this program would cost \$8 million over the 2014-2018 period.

Reproduction and Infertility Research

Section 7 would require the VA to conduct a research study on women's reproductive health in collaboration with the Department of Defense and the National Institutes of

Health. Based on information from VA on the cost and duration of similar studies, CBO estimates the research study would run for about three years and cost \$1 million over the 2014-2018 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 131 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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