



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 23, 2015

H.R. 2256 **Veterans Information Modernization Act**

*As ordered reported by the House Committee on Veterans' Affairs
on May 21, 2015*

SUMMARY

H.R. 2256 would establish a tracking system for biological implants, create a commission to assess mental health care at the Department of Veterans Affairs (VA), expand the definition of homeless veterans for purpose of certain programs and benefits offered by VA, and require VA to submit an annual report to the Congress. In total, CBO estimates that implementing this bill would increase costs to VA by \$9 million over the 2016-2020 period, assuming appropriation of the necessary amounts.

In addition, CBO estimates that enacting the bill would decrease direct spending by \$9 million over the 2016-2025 period by adjusting the monthly payments for VA educational benefits; therefore, pay-as-you-go procedures apply to the bill. Enacting H.R. 2256 would not affect revenues.

H.R. 2256 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 effect of H.R. 2256 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					2016- 2020
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Commission on Mental Health Care						
Estimated Authorization Level	2	2	0	0	0	4
Estimated Outlays	2	2	*	*	0	4
Tracking of Biological Implants						
Estimated Authorization Level	1	1	1	*	*	3
Estimated Outlays	1	1	1	*	*	3
Annual Report						
Estimated Authorization Level	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2
Total						
Estimated Authorization Level	3	3	1	1	1	9
Estimated Outlays	3	3	1	1	1	9

CHANGES IN DIRECT SPENDING

Estimated Budget Authority	0	-1	-1	-1	-1	-4
Estimated Outlays	0	-1	-1	-1	-1	-4

Notes: In addition to, in the effects shown here, enacting H.R. 2256 would have effects on direct spending beyond 2020. CBO estimates that, in total, direct spending would decrease by \$9 million over the 2016-2025 period.

* = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the beginning of fiscal year 2016, that estimated amounts will be appropriated for each year, and that outlays will follow historical spending patterns for similar and existing programs.

Spending Subject to Appropriation

CBO estimates that, in total, implementing H.R. 2256 would cost \$9 million over the 2016-2020 period, assuming appropriation of the necessary amounts.

Commission on Mental Health Care. Section 7 would establish the Veterans Expedited Recovery Commission. The commission—consisting of 10 voting members—would examine the treatment of mental health at VA. Members of the commission would serve without pay; however, they would receive travel reimbursement and per diem. The staff director and support staff would receive compensation (not to exceed the salary of senior political officials). The commission also would be authorized to hire contractors and experts to provide additional guidance and recommendations. The commission would be required to conduct a nationwide survey and to submit a final report of its findings within a year and a half from its first meeting.

Based on an examination of other government commissions, we expect this commission would require five full-time employees (including a staff director) with an average salary of \$200,000 (including benefits) and five part-time contractors at an average salary of \$40,000. We also estimate annual costs totaling \$4,000 per member for per diem, \$1,000 per member for travel, and \$30,000 for rent. Based on costs of similar surveys, we estimate that a nationwide survey would cost \$1 million per year. In total, CBO estimates that establishing the commission would cost \$4 million over the 2016-2020 period.

Tracking of Biological Implants. Within 180 days after enactment, sections 4 and 5 would require VA to establish and implement a tracking system for biological implants (i.e. human cells, tissue, or cellular or tissue-based product) used in medical procedures at VA medical facilities. The bill would allow VA to use the existing unique device identification system administered by the U.S. Food and Drug Administration. By ensuring that surgical implants are labeled with unique device identifiers, the tracking system would help VA to notify patients in cases of device recalls and potentially reduce medical errors.

Over the 2010-2013 period, VA planned and initiated the development of the Veterans Implant Tracking and Alert System (VITAS). That system was intended to document the provenance of surgical implants, allowing VA to identify and locate patients with implants in the event of a recall. However, in 2013, VA stopped developing VITAS prior to the completion of the registry, because of coordination issues with VA's record system for patients. According to VA, such efforts required three full-time staff at \$1 million per year. We expect comparable resources and costs to further develop and expand the biological implant tracking system over the next three years. In total, CBO estimates discretionary costs of \$3 million over the 2016-2020 period to develop and implement a device tracking system.

Annual Report. Section 2 would require VA to submit an annual report to the Congress on the following information:

- Effectiveness of VA health care and long-term care,
- Workload and compensation of VA employees,
- Demographics of the veterans enrolled and using the VA health care system,
- Usage rates of the VA health care system, and
- Pharmaceutical prices.

The report would include data for each VA health care region and medical center. Currently, VA gathers and reports on some of that data. CBO expects that about five full-time-equivalent staff would be necessary to coordinate and prepare a comprehensive report with facility level data on an annual basis. CBO estimates implementing this section would cost of \$2 million over the 2016-2020 period.

Definition of Homeless Veterans. Section 3 would expand the definition of homeless veterans to include veterans who are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other life threatening conditions. That change would make veterans who are victims of such conditions eligible for services provided to homeless veterans by VA. In 2015, about \$344 million was appropriated for those services.

The Bureau of Justice Statistics reports that less than half of 1 percent of the U.S. population in 2012 were victims of domestic abuse. Most of those individuals (80 percent) were female and about 20 percent sought support from government or private-sector agencies. Because about 10 percent of veterans are female, CBO expects that the number of veterans who would be newly eligible for homeless benefits under this provision would be quite small (about 20 people a year). Therefore, CBO estimates that implementing this section would cost less than \$500,000 over the 2016-2020 period.

Direct Spending

Under current law, the rates of certain monthly benefits paid under the Montgomery G.I. Bill and Survivors' and Dependents' Educational Assistance programs are increased annually by specified economic indices. Section 6 of H.R. 2256 would extend through fiscal year 2019 two provisions of law that require those increases to be rounded down to the next lower whole dollar. Those provisions expired at the end of fiscal year 2013. Based on projections of the number of beneficiaries and payments made each year, and assuming that the rounding is not retroactive, CBO estimates that enacting section 6 would reduce direct spending by \$9 million over the 2016-2025 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. H.R. 2256 would modify a program that provides educational benefits to veterans. The changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 2256 as ordered reported by the House Committee on Veterans' Affairs on May 21, 2015

	By Fiscal Year, in Millions of Dollars											2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
NET DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2256 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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