



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 23, 2016

H.R. 2460

A bill to amend title 38, United States Code, to improve the provision of adult day health care services for veterans

*As ordered reported by the House Committee on Veterans' Affairs
on May 18, 2016*

H.R. 2460 would require the Department of Veterans Affairs (VA) to enter into provider agreements or contracts with State Veterans Homes (SVHs) to provide adult day health care (ADHC) to veterans with severe service-connected disabilities at rates above VA's current per-diem rates. SVHs are facilities that offer nursing home care, domiciliary care, or ADHC primarily to veterans. Those facilities are operated by state governments, but do receive some of their funding from the federal government. Under the bill, VA would pay for ADHC provided to those veterans at a rate equal to 65 percent of the prevailing rate for nursing home care in that region.

Under current law, VA is required to comply with the Federal Acquisition Regulation (FAR) for agreements and contracts with SVHs. The FAR is an extensive and complex set of rules governing the federal government's purchasing process. VA has been unable to secure agreements or contracts with any SVH because of the contractual requirements under the FAR (mostly related to reporting, compensation, and fringe benefits). As a result, VA would face challenges in entering into agreements or contracts under the bill and CBO expects that VA would continue to use grants to pay the SVHs at the current per-diem rate. Therefore, CBO estimates that implementing the bill would have no budgetary effects.

Pay-as-you-go procedures do not apply because enacting the legislation would not affect direct spending or revenues. CBO estimates that enacting H.R. 2460 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 2460 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Ann E. Futrell. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.