CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 4, 2016

H.R. 4063
Promoting Responsible Opioid Management and Incorporating Scientific Expertise Act

As ordered reported by the House Committee on Veterans' Affairs
on February 25, 2016

SUMMARY

H.R. 4063 would require the Department of Veterans Affairs (VA) to update safety measures for opioid therapy, expand the use of alternative medicine, and conduct audits of the VA health care system through a nongovernment entity. In total, CBO estimates that implementing the bill would cost $138 million over the 2017-2021 period, subject to appropriation of the necessary amounts.

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. 4063 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4063 would impose an intergovernmental mandate by requiring state medical boards to report to the VA information about medical violations in the past 20 years committed by licensed physicians whom the VA is considering for employment. Information from state medical boards indicates that many boards already provide information that is similar to what the bill requires. Consequently, CBO estimates that the incremental costs of the mandate would be small and would fall below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for intergovernmental mandates ($77 million, adjusted annually for inflation).

This bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 4063 is shown in the table below. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					
	2017	2018	2019	2020	2021	2017-2021
SPENDING SUBJECT TO APPROPRIATION						
Opioid Safety Measures						
Estimated Authorization Level	18	20	20	21	22	101
Estimated Outlays	16	20	20	21	22	99
Complementary and Integrative Health						
Estimated Authorization Level	0	0	6	7	7	20
Estimated Outlays	0	0	5	7	7	19
Audits						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	9
Community Meetings						
Estimated Authorization Level	*	1	1	1	1	4
Estimated Outlays	*	1	1	1	1	4
Commission on Complementary Health						
Estimated Authorization Level	1	2	1	0	0	4
Estimated Outlays	1	2	1	*	0	4
Reports						
Estimated Authorization Level	1	1	*	*	*	3
Estimated Outlays	1	1	*	*	*	3
Total changes to Spending Subject to Appropriation						
Estimated Authorization Level	22	26	30	31	32	142
Estimated Outlays	19	26	29	31	32	138

Note: * = less than $500,000; details may not add to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4063 will be enacted near the start of fiscal year 2017, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for affected programs.

Opioid Safety Measures

Section 102 would require VA to expand its safety measures by improving training on providing pain management and prescribing opioids, establishing pain management teams at each medical facility, and improving patient tracking through electronic reports.

This provision would create pain management teams throughout the VA health care system. According to VA, each medical facility currently has its own methods to manage and oversee pain therapy; however, they do not have designated pain management teams. Under this provision, VA would be required to implement a protocol for such teams. Based on information from VA, we expect that establishing and implementing such protocols at roughly 1,000 medical facilities would require very little additional work and would have an annual cost of roughly $6,500 per facility. On that basis, CBO estimates that establishing the pain management teams nationwide would cost $33 million over the 2017-2021 period.

Section 102 also would require VA to expand the nationwide availability of certain treatments such as Naloxone kits for opioid overdose. According to VA, it currently has roughly 55,000 patients with opioid-use disorder and roughly 28,000 Naloxone kits in its inventory. CBO estimates that it would cost roughly $14 million each year to ensure the availability of kits (at a cost of about $400 per kit) for those 55,000 patients who have the greatest potential risk of overdose. On that basis, CBO estimates it would cost $66 million over the 2017-2021 period to expand the availability of such treatments.

This section also would require VA to enhance the ability of the electronic Opioid Therapy Risk Report (OTRR) to access information on prescribed drugs through the Prescription Drug Monitoring Programs. According to VA, such modifications to the OTRR would require minimal analyst and programming support. CBO estimates that implementing that requirement would cost less than $500,000 over the 2017-2021 period.

In total, CBO estimates that implementing section 102 would cost $99 million over the 2017-2021 period.

Complementary and Integrative Health

Section 302 would require VA to operate a three-year program at 15 VA Medical Centers to assess the feasibility of integrating complementary and alternative medicine with traditional care. That program would begin after the commission established under section 301 publishes their final report on complementary health. CBO expects that report would be issued near the end of fiscal year 2018 and that the three-year program would begin near the beginning of fiscal year 2019. On the basis of VA’s implementation of other pilot programs of similar scope (such as using meditation for veterans with Post Traumatic

Stress Disorder), CBO expects that developing and operating the program would require two additional medical practitioners at each of the 15 facilities to provide nontraditional care, as well as two additional employees at each facility to engage in research, training, and assessment of the program.

The use of complementary and alternative medicine also would partially displace the use of traditional care (emergency care, primary care, and physical therapy) but would lead to greater use of medical services on balance, than under current law. Specifically, CBO estimates that the net cost to deliver medical services, after adjusting for the expected reduction in usage of traditional health care services would be roughly $66,000 per medical provider, resulting in costs of roughly $2 million annually during the three-year pilot program.

On the basis of information from VA, CBO further estimates that the annual cost per person for the research and training personnel would be $127,000 in 2015. Thus, in total, implementing section 302 would cost $19 million over the 2019-2021 period, CBO estimates.

Audits

Section 501 would require VA to enter into a contract with a private entity to conduct a series of audits of the VA health care system. The audits would include a risk assessment for the following five years and provide recommendations to improve the delivery of health care and plans for subsequent audits. On the basis of costs incurred for previous system-wide assessments of the VA by contracted entities, CBO estimates that implementing section 501 would cost about $2 million each year. After factoring in the time to solicit and select a contractor, CBO estimates total costs of $9 million over the 2017-2021 period.

Community Meetings

Section 201 would require VA Medical Centers and Community Based Outpatient Clinics to host community meetings on an annual and quarterly basis, respectively. Those meetings would be open to the public. VA currently hosts town hall meetings to get feedback from veterans, their family members and other community stakeholders. On the basis of information from VA, CBO estimates that VA would need to hold an additional 500 such meetings a year to meet the requirements of this provision.

Based on costs in the private sector, we estimate VA would spend roughly $1,500 per meeting for audio visual equipment, staff time, and supplies. In total, CBO estimates implementing this provision would cost $4 million over the 2017-2021 period.

Commission on Complementary Health

Within 90 days of enactment, section 301 would establish the Creating Options for Veterans' Expedited Recovery Commission to:

- Examine treatment of mental health at the VA through evidence-based therapy;
- Conduct a nationwide survey; and,
- Determine the benefits of incorporating alternative treatments at nonVA facilities.

The commission would have 10 members plus a paid staff and would exist for about 18 months. The commission would be required to submit interim reports and a final report within 18 months of the commission's first meeting. Within 90 days of the final report, VA would be required to submit a plan to the Congress on implementing the commission's recommendations. Based on the costs of similar commissions, CBO estimates that implementing section 301 would cost about $4 million over the 2017-2021 period.

Reports

The bill would require VA to produce about a dozen reports on matters such as opioid therapy, patient advocacy, and complementary medicine. Based on the costs of similar reports, CBO estimates that meeting those requirements would cost a total of $3 million over the 2017-2021 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 4063 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 4063 would impose an intergovernmental mandate by requiring state medical boards to report to the VA information about medical violations in the past 20 years committed by licensed physicians whom the VA is considering for employment. Information from state medical boards indicates that many boards already provide information that is similar to what the bill requires. Consequently, CBO estimates that the incremental costs of the mandate would be small and would fall below the annual threshold established in UMRA for intergovernmental mandates ($77 million, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no private-sector mandates as defined in UMRA.

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