



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 1, 2015

S. 1203 **21st Century Veterans Benefits Delivery and Other Improvements Act**

*As ordered reported by the Senate Committee on Veterans' Affairs
on July 22, 2015*

SUMMARY

S. 1203 contains provisions that would modify employment and compensation levels at the Department of Veterans Affairs (VA), expand training for medical staff, and require the agency to post additional material on its website. In total, CBO estimates that implementing the bill would cost \$124 million over the 2016-2020 period, subject to appropriation of the necessary amounts.

In addition, enacting S. 1203 would reduce administrative costs for veterans' education benefits and restore such benefits to a small number of military personnel who were unable to complete a term of instruction because of certain types of deployments. In total, those changes would decrease direct spending by \$60 million over the 2016-2025 period.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the bill would not affect revenues.

S. 1203 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit public institutions of higher education that participate in educational programs under the GI Bill. Any costs those entities might incur, including reductions in fee payments from VA, would be incurred as conditions of participating in a voluntary federal program.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1203 is shown in Table 1. The costs of this legislation fall within budget function 700 (veterans benefits and services).

TABLE 1. BUDGETARY EFFECTS OF S. 1203, THE 21ST CENTURY VETERANS BENEFITS DELIVERY AND OTHER IMPROVEMENTS ACT

	By Fiscal Year, in Millions of Dollars					2016-2020
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Competitive Pay for Physician Assistants						
Estimated Authorization Level	12	16	17	19	21	85
Estimated Outlays	11	15	17	19	21	83
Pilot Program for Intermediate Care Technicians						
Estimated Authorization Level	0	3	3	3	3	12
Estimated Outlays	0	3	3	3	3	12
Chiropractic Care						
Estimated Authorization Level	0	0	3	3	3	9
Estimated Outlays	0	0	3	3	3	9
Training for Mental Health Professionals						
Estimated Authorization Level	1	1	2	2	2	8
Estimated Outlays	1	1	2	2	2	8
Prosthetic and Orthotic Care						
Authorization Level	0	5	0	0	0	5
Estimated Outlays	0	3	1	1	0	5
Data Sharing						
Estimated Authorization Level	0	1	1	1	1	4
Estimated Outlays	0	1	1	1	1	4
Reports						
Estimated Authorization Level	*	1	1	1	*	3
Estimated Outlays	*	1	1	1	*	3
Total Changes in Spending Subject to Appropriation						
Estimated Authorization Level	13	27	27	29	30	126
Estimated Outlays	12	24	28	30	30	124
CHANGES IN DIRECT SPENDING						
Payments for Reports ^a						
Estimated Budget Authority	-6	-6	-6	-6	-6	-30
Estimated Outlays	-6	-6	-6	-6	-6	-30

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

a. In addition to the changes in direct spending shown above, S. 1203 would have effects beyond 2020. CBO estimates that enacting S. 1203 would decrease direct spending by \$60 million over the 2016-2025 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1203 will be enacted near the beginning of fiscal year 2016, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for affected programs.

Spending Subject to Appropriation

CBO estimates that implementing S. 1203 would increase personnel and administrative costs at VA by a total of \$124 million over the 2016-2020 period, subject to appropriation of the necessary amounts.

Competitive Pay for Physician Assistants (PAs). Section 123 would require VA to compensate PAs at rates that are competitive with those paid by other health care providers. Currently, VA employs about 1,850 physician assistants. Based on wages paid by private-sector providers, we estimate that the pay rate for those employees would increase by 6 percent in 2016 (from \$104,000 to \$110,000) if VA paid competitive rates.

In addition, we expect that the higher pay level would help ameliorate VA's current difficulties in recruiting and retaining physicians assistants, and would thus increase the total number of PAs employed by VA. Based on data from VA on hiring and retaining nurses, who are paid at competitive rates, CBO estimates that under section 123 VA would employ roughly 2,000 physicians assistants by 2020 (or an 8 percent increase above the current staffing level). On that basis, CBO estimates that implementing this section would cost \$83 million over the 2016-2020 period.

Pilot Program for Intermediate Care Technicians. Effective one year after the date of enactment, section 113 would revive for three years an expired pilot program to hire 45 veterans who recently separated from medical positions in the military. Those personnel would serve as intermediate-care technicians and would supplement other technicians at VA facilities by performing duties such as removing sutures, taking vital signs, and administering medications under the supervision of a physician or nurse.

VA ran a similar program from January 2013 to February 2014. Based on information about that program, we estimate it would cost about \$60,000 annually for each veteran hired under the program authorized by this section. In addition, we expect that technicians hired under the pilot program would continue to be employed by VA after the program expired. Thus, implementing section 113 would cost of \$12 million over the 2017-2020 period, CBO estimates.

Chiropractic Care. Section 102 would require VA to provide chiropractic care at 42 VA Medical Centers (VAMCs) by 2017 and at 76 VAMCs by 2018. VA currently has about 60 full-time chiropractors practicing at 59 VAMCs. Based on that level of service CBO estimates that VA would require 17 additional chiropractors beginning in 2018.

Based on the average cost of employing chiropractors at VA (about \$145,000 in 2015) and adjusting for inflation, CBO estimates that implementing section 102 would increase costs by \$9 million over the 2018-2020 period.

Training for Mental Health Professionals. Section 121 would require VA to provide education and training to licensed mental health professionals and marriage counselors employed by the agency. VA regularly provides training and education to health care personnel (primarily physicians, dentists, and nurse practitioners).

VA currently employs about 300 licensed mental health professionals and marriage counselors. Some VA medical facilities currently offer, or plan to offer, annual training opportunities to those employees. Based on information from VA, we estimate that under this provision about 70 percent of its licensed mental health professionals and marriage counselors—about 200 employees in 2016—would need to be trained at an annual cost of \$7,500 per person. On that basis, and adjusting for inflation and gradual implementation, CBO estimates implementing this section would cost \$8 million over the 2016-2020 period.

Prosthetic and Orthotic Care. Section 111 would authorize the appropriation of \$5 million in 2017 to establish programs of education leading to advanced degrees in prosthetics and orthotics. Under this section, CBO expects that VA would work with medical schools to help expand higher education programs in those areas. CBO estimates that implementing section 111 would cost \$5 million over the 2017-2020 period.

Data Sharing. Section 112 would require VA to post on its website information and data about research being conducted by the department, as well as final, peer-reviewed manuscripts using such data. Section 112 would further require both VA and the Department of Defense (DoD) to share data between the two departments to facilitate research on various topics relating to veterans, members of the Armed Forces, and their families. Those requirements would take effect one year after the date of enactment of S. 1203. Based on information from VA about the cost of creating and managing content on its website, CBO estimates that implementing section 112 would cost about \$4 million over the 2017-2020 period.

Reports. The bill would require VA, DoD, and the Department of Labor to produce a total of 21 reports on matters such as medical care, educational levels, benefit claims, and job training. CBO estimates that preparing those reports would cost a total of \$3 million over the 2016-2020 period.

Direct Spending

S. 1203 contains provisions that would modify education benefits for veterans. CBO estimates that those provisions would decrease net direct spending by \$60 million over the 2016-2025 period (see Table 2).

TABLE 2. ESTIMATED EFFECTS OF S. 1203 ON DIRECT SPENDING

	By Fiscal Year, in Millions of Dollars										2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
CHANGES IN DIRECT SPENDING												
Payments for Reports												
Estimated Budget Authority	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60
Estimated Outlays	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60
Restoration of Benefits												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*
Total Changes in Direct Spending												
Estimated Budget Authority	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60
Estimated Outlays	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60

Note: * = between \$0 and \$500,000.

Payments for Reports. Section 703 would temporarily reduce the fee that VA pays educational institutions to report certain information on enrollees who are using VA education benefits at those institutions. The annual amount VA pays per enrollee would decline by \$5 (from \$12 to \$7) for 10 years beginning on September 26, 2015. (In a small number of cases, VA pays a \$15 fee, which would be reduced to \$11.) About 1.2 million people use veterans’ education benefits each year and the costs of those benefits—including the reporting fees—are paid from mandatory appropriations. Thus, cutting the fee would reduce direct spending by about \$6 million annually and \$60 million over the 2016-2025 period, CBO estimates.

Restoration of Benefits. Section 301 would expand VA’s authority to restore educational benefits for service members in the reserve component who are called to active duty. Reservists would be eligible for this adjustment if they had to discontinue a course of education upon being ordered to active duty under the following circumstances:

- To assist a state in response to a major disaster or emergency; or
- To augment the active component in support of a preplanned mission for the combatant commands.

Under current law, VA can restore education benefits for military personnel deployed for several other reasons. Further, most service members are notified more than 180 days in advance of a deployment, giving them sufficient time to complete a course or make other arrangements with the education institution. Based on information from DoD, CBO estimates that about 200 reservists would be unable to complete coursework in any year for the reasons listed above. However, most of those personnel would not exhaust all of their education benefits, so restoring lost benefits would not result in additional spending on their behalf. Approximately 50 reservists who would use all of their benefits would have about \$600 each in lost benefits restored under section 301. Thus, the additional costs for those whose benefits would increase direct spending by less than \$500,000 over the 2016-2025 period, CBO estimates.

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. The net 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 S. 1203 as ordered reported by the Senate Committee on Veterans’ Affairs on July 22, 2015

	By Fiscal Year, in Millions of Dollars											2016-2020	2016-2025
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-6	-30	-60

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1203 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit public institutions of higher education that participate in educational programs under the GI Bill. Any costs those entities might incur, including reductions in fee payments from the VA, would be incurred as conditions of participating in a voluntary federal program.

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