



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 22, 2017

H.R. 1005

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 17, 2017

H.R. 1005 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 (SCD) at rates above VA's current per-diem rates; per-diem rates cover not more than half of the cost of the care. SVHs are facilities operated by state governments that offer nursing home care, domiciliary care, or ADHC primarily to veterans and receive some of their funding from the federal government. Under the bill, VA would pay for ADHC at a higher 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 processes. 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 pay the SVHs at the current per-diem rate. Therefore, CBO estimates that implementing the bill would have no budgetary effects.

Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1005 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1005 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, and would not affect the budgets of 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