



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 19, 2017

H.R. 2288 **Veterans Appeals Improvement and Modernization Act of 2017**

*As ordered reported by the House Committee on Veterans' Affairs
on May 17, 2017*

SUMMARY

H.R. 2288 would modify the appeals process for benefit claims at the Department of Veterans Affairs (VA) and would require several reports from VA and the Government Accountability Office (GAO). CBO estimates that implementing H.R. 2288 would cost about \$2 million over the 2017-2022 period; such spending would be subject to the availability of appropriated funds.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2288 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2288 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2288 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						2017-
	2017	2018	2019	2020	2021	2022	2022
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	1	*	*	*	*	2
Estimated Outlays	0	1	*	*	*	*	2
Note: Annual amounts do not sum to total because of rounding; * = less than \$500,000.							

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2288 will be enacted near the beginning of fiscal year 2018, that sufficient funds will be available each year, and that outlays will follow historical spending patterns for the affected programs.

Appeals Reform

Section 2 would direct VA to implement a new process to handle appeals of claims for veterans' benefits. As described below, the current system allows for repeated revisions and resubmissions of claims while maintaining an effective date for benefits based upon the original filing date of the claim. As a result, VA reports that under current law final decisions on appeals take an average of three years, with some appeals taking more than six years. The current backlog for appeals exceeds 470,000 claims and is growing.

The proposed changes are intended to significantly streamline the appeal process, which would allow appeals to be finalized in a shorter period of time and require the efforts of fewer employees. VA reports that no additional personnel would be required for training, modifications to information technology, or outreach. VA also expects that the efficiencies of the new system would allow the agency to continue processing legacy appeals under the current system, very gradually reducing the existing backlog, without the need for additional employees. (Reducing the backlog in a more expedited manner would require more employees and would have a substantial cost.) Based on an analysis of information from VA and our understanding of the appeals process, CBO expects that VA could implement that change without an increase in workload. Therefore, CBO estimates that implementing section 2 would have no significant cost over the 2017-2022 period.

Comprehensive Plan

Section 3 would require VA to create a comprehensive plan to implement the new appeals process. That plan would include information about the existing process, including timeliness and the number of appeals, and would discuss how that information would differ under the new process. VA would be required to evaluate the potential costs for all facets of the new appeals process as well as to provide quarterly reports on VA's implementation of that process. The bill also would require GAO to conduct an assessment of VA's comprehensive plan. CBO estimates that implementing this provision would cost about \$2 million to prepare the reports over the 2017-2022 period.

Pilot Program on Fully Developed Appeals

Section 4 would grant VA the authority to implement a pilot program for some appeals until the new appeals process could be implemented. VA indicates that it would not use this authority; therefore, CBO estimates that implementing section 4 would have no budgetary effects.

VA Appeals Data

Section 5 would require VA to publish data monthly about the new appeals process on their website. CBO estimates that implementing section 5 would cost less than \$500,000 over the 2017-2022 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 2288 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2288 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Dwayne M. Wright

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

H. Samuel Papenfuss

Deputy Assistant Director for Budget Analysis