



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 19, 2018

H.R. 5974
Department of Veterans Affairs Creation of On-Site Treatment Systems
Affording Veterans Improvements and Numerous General Safety
Enhancements Act

As ordered reported by the House Committee on Veterans' Affairs on July 12, 2018

H.R. 5974 would require the Department of Veterans Affairs (VA) to identify medical facilities that could reduce costs by using on-site equipment to dispose of medical waste and to purchase such equipment for those facilities. Currently, VA disposes of regulated medical waste (RMW) by the following methods: contracts with off-site facilities, sharing agreements with other federal agencies, and various forms of on-site activities. In 2017, VA spent roughly \$10 million to dispose of RMW.

Under this bill, VA would be required to develop a cost analysis model which would compare the costs of contracting with nondepartment entities to treat medical waste at off-site locations to the costs of treating medical waste at VA medical facilities. The bill specifies that the model must amortize capital costs over a 10-year period. For facilities where that analysis showed savings over a 5-year period, VA would be required to purchase, install, and operate on-site equipment to dispose of medical waste.

Although the model would spread the initial costs of procuring and installing a disposal system over ten years, those capital costs would need to be obligated when the purchase agreement is finalized. Thus, CBO expects that most cases in which the model indicates a five-year savings would, in fact, result in costs over the first five years. However, because the costs of disposing of RMW vary based on state and local laws and regulations, CBO cannot project the outcome of VA's analysis. Thus, CBO is unable to estimate the magnitude of the cost of implementing H.R. 5974 at this time.

Enacting H.R. 5974 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 5974 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5974 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Ann E. Futrell. The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.