



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 1, 2018

H.R. 6066

A bill to amend title 38, United States Code, to improve the productivity of the management of Department of Veterans Affairs health care, and for other purposes

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

SUMMARY

H.R. 6066 would require the Department of Veterans Affairs (VA) to train certain medical staff to identify the level of resources used to provide medical services. CBO estimates that implementing the bill would cost \$320 million over the 2019-2023 period, assuming appropriation of the necessary amounts.

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. 6066 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6066 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 6066 is shown in the following table. The costs of the legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars						2019-2023
	2018	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	90	70	60	60	50	330
Estimated Outlays	0	80	70	60	60	50	320

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 6066 will be enacted near the beginning of fiscal year 2019 and that the estimated amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for the affected programs.

The bill would require VA to train licensed independent providers (also known as LIPs, which include physicians, dentists, and nurses) who fail to meet certain standards for using relative-value units (RVUs) to evaluate medical services. RVUs are tools used by physicians participating in Medicare to rank on a common scale the resources (such as time, technical skill, and physical effort) used to provide various health care services.

VA currently tracks RVUs for health care provided by the agency. Furthermore, the department is in the process of developing an internal website to offer voluntary training to its medical providers on using RVUs. However, according to VA, only 5 percent of the 63,000 LIPs accurately document their medical services using RVUs.

Using information from VA, CBO estimates that under the bill the department would train roughly 60,000 medical staff to use RVUs in 2019. We expect that training would be repeated annually until LIPs demonstrated sustained proficiency. On average, each LIP would require about three hours of training, which equates to a loss of about 540,000 clinical visits at an average cost of \$145 per visit, CBO estimates. In order to continue the provision of health care, CBO expects VA would utilize community care to cover appointments while the LIPs are in training. Over time, CBO expects LIPs at VA would become increasingly proficient in using RVUs, and would therefore require less training. On that basis, CBO estimates that providing training on using RVUs would cost \$70 million in 2019 and \$260 million over the 2019-2023 period.

In addition, CBO expects VA would need to hire the equivalent of 140 full-time staff at an annual compensation rate of \$80,000 each to provide ongoing training and support at each medical facility. VA also would hire an additional staff member at VA's central

office at an annual compensation of \$135,000 in 2019 for oversight. After factoring in inflation, CBO estimates that the increase in support staff would cost \$10 million in 2019 and \$60 million over the 2019-2023. CBO estimates minimal costs to prepare a one-time report and comprehensive staffing models within one year of enactment.

In total, CBO estimates implementing H.R. 6066 would cost \$320 million over the 2019-2023 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 6066 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 6066 contains no intergovernmental or private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On February 15, 2018, CBO transmitted a cost estimate for H.R. 4242, the VA Care in the Community Act, as ordered reported by the House Committee on Veterans' Affairs on December 19, 2017. H.R. 6066 is similar to section 205 of H.R. 4242. CBO estimated that implementing section 205 of H.R. 4242 would cost \$9 million over 5 years for the direct costs of training and support. The estimated costs for implementing the similar requirements in this bill are higher, however, because new information from VA indicates that the department believes it would be required to spend more time and funding to train and support VA personnel on using RVUs. In addition, the department would outsource appointments while the VA personnel undergo training.

ESTIMATE PREPARED BY

Federal Costs: Ann E. Futrell

Mandates: Andrew Laughlin

ESTIMATE REVIEWED BY

Sarah Jennings

Chief, Defense, International Affairs, and Veterans' Affairs Cost Estimates Unit

Leo Lex

Deputy Assistant Director for Budget Analysis