

H.R. 3494, VA Hospital Inventory Management System Authorization Act
 As ordered reported by the House Committee on Veterans' Affairs on July 23, 2025

By Fiscal Year, Millions of Dollars	2025	2025-2030	2025-2035
Direct Spending (Outlays)	0	0	-52
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-52
Spending Subject to Appropriation (Outlays)	0	45	50
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply? Yes	
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 3494 would authorize the Department of Veterans Affairs (VA) to develop an information technology (IT) system to manage inventory at its medical facilities. The bill also would reduce the amount of VA pensions the department pays to certain veterans and survivors who reside in nursing homes. In total, H.R. 3494 would increase spending subject to appropriation by \$50 million and reduce direct spending by \$52 million over the 2025-2035 period.

The costs of the legislation, detailed in Table 1, fall within budget functions 550 (health) and 700 (veterans benefits and services).

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



Table 1.
Estimated Budgetary Effects of H.R. 3494

	By Fiscal Year, Millions of Dollars											2025-2030	2025-2035
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035		
Increases in Spending Subject to Appropriation													
Estimated Authorization	0	50	0	0	0	0	0	0	0	0	0	50	50
Estimated Outlays	0	12	27	4	1	1	1	1	1	1	1	45	50
Decreases (-) in Direct Spending													
Estimated Budget Authority	0	0	0	0	0	0	0	-40	-12	0	0	0	-52
Estimated Outlays	0	0	0	0	0	0	0	-40	-12	0	0	0	-52

Spending Subject to Appropriation

H.R. 3494 would authorize appropriations of \$50 million for VA to purchase or develop and implement a system for managing inventory of expendable and nonexpendable items at its medical facilities. VA would initially implement the system at one VA medical facility before expanding its use throughout the department, assuming functions of the system are satisfactory. Using information on spending patterns for similar IT programs, CBO estimates implementing the bill would cost \$50 million over the 2025-2035 period. Such spending would be subject to the appropriation of the specified amounts.

Direct Spending

Under current law, VA reduces pension payments to veterans and survivors who reside in Medicaid nursing homes to \$90 per month. That required reduction expires November 30, 2031. Section 3 of the bill would extend that reduction for 13 months, through December 31, 2032. CBO estimates that extending that requirement would reduce VA benefits by \$10 million per month. (Those benefits are paid from mandatory appropriations and are therefore considered direct spending.) As a result of that reduction in beneficiaries' income, Medicaid would pay more of the cost of their care, increasing spending for that program by \$6 million per month. Thus, enacting section 3 would reduce net direct spending by \$52 million over the 2025-2035 period.



The CBO staff contact for this estimate is Logan Smith. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

A handwritten signature in black ink that reads "Phillip L. Swagel". The signature is fluid and cursive, with a long, sweeping underline.

Phillip L. Swagel
Director, Congressional Budget Office