

H.R. 2816, Vietnam-Era Veterans Hepatitis C Testing Enhancement Act of 2019

As ordered reported by the House Committee on Veterans' Affairs on March 12, 2020

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	16	16
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	16	16
Spending Subject to Appropriation (Outlays)	0	8	8
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 2816 would require the Department of Veterans Affairs (VA) to conduct a one-year pilot program to test veterans who served during the Vietnam era for the hepatitis C virus, regardless of whether those veterans are enrolled in the VA health care system. According to VA, there were about 6 million living veterans in 2019 who served during the Vietnam era (between February 28, 1961, and May 7, 1975). CBO estimates that implementing the bill would increase spending for VA health care by \$8 million over the 2020-2025 period; such spending would be subject to the availability of appropriated funds. The bill also would increase direct spending for Medicare by \$16 million over the 2020-2030 period, CBO estimates.

Under the bill, VA would test veterans at events organized by veteran service organizations in five regions of the VA health care system. The bill would require VA to provide such testing at similar events nationwide if the department tests 350,000 veterans within one year of commencing the pilot program. The program would terminate after one year if fewer than that number are tested. VA also would be required to report the results of the program to the Congress.

Since October 2013, the department has provided hepatitis C testing to about 85 percent of the 2.4 million veterans who are enrolled in the VA health care system and were born between 1945 and 1965 (which includes veterans who served during the Vietnam era). As a

result, CBO expects that VA has tested most currently enrolled veterans. Thus, program participants would primarily be veterans who are not enrolled with VA.

On the basis of a study on the prevalence of testing for hepatitis C published by the American Association for Cancer Research, CBO estimates that 3.1 million of the 3.6 million living Vietnam-era veterans who are not enrolled in the VA health care system have not been tested for hepatitis C. Using information from VA and veterans service organizations, CBO estimates that about 100,000 of those veterans (or 3 percent) would be tested in 2021 under the program, at an average cost of \$40 per test. Thus, CBO estimates that testing under the pilot program would cost \$4 million over the 2020-2025 period. CBO expects that VA would terminate the program after one year because the threshold for expansion of the program would not be met.

On the basis of data from the National Center for Biotechnology Information, CBO estimates that of those veterans who would get tested under the pilot program, about 2,400 of them (or 2 percent) would test positive for hepatitis C. According to VA, roughly 25 percent of enrolled veterans who test positive for hepatitis C seek treatment for the disease. Thus, CBO estimates that about 600 veterans would choose to undergo treatment. About 200 of those people (or 30 percent) would receive treatment from VA, at an average cost of \$17,000 per patient. Those treatments would cost \$4 million over the 2020-2025 period, CBO estimates.

In total, CBO estimates that implementing H.R. 2816 would cost VA a total of \$8 million over the 2020-2025 period; such spending would be subject to the availability of appropriated funds.

Most of the Vietnam-era veterans who would test positive for hepatitis C are eligible for Medicare. Using information from the Department of Health and Human Services, CBO estimates that about 400 veterans who test positive for the disease would seek care and be treated through Medicare Part D. Funding for that program—which is classified as direct spending—would subsidize treatment costs at an average of \$38,000 for each patient who is treated; that average cost is net of payments from beneficiaries for premiums and cost sharing.¹ As a result, CBO estimates that implementing the bill would increase direct spending by \$16 million over the 2020-2030 period.

The CBO staff contacts for this estimate are Ann E. Futrell (for VA) and Stuart Hammond (for Medicare). The estimate was reviewed by Leo Lex, Deputy Director of Budget Analysis.

1. Medicare covers hepatitis C drugs under Part D, the outpatient prescription drug program. Unlike VA, the Medicare program is prohibited by law from directly negotiating drug prices. The Medicare Part D drug benefit is delivered by private drug plans. Under Part D, drug prices are determined primarily through negotiations between those Part D plans and providers (such as pharmacies and drug manufacturers). In contrast, VA purchases drugs directly from manufacturers; the statute and negotiation arrangements that govern those purchases result in lower per capita costs for VA patients relative to those enrolled in Part D.