

### At a Glance

## S. 3025, Servicemembers and Veterans Empowerment and Support Act of 2021

As reported by the Senate Committee on Veterans' Affairs on March 1, 2022

| By Fiscal Year, Millions of Dollars  | 2022          | 2022-2027                           | 2022-2032 |
|--|---------------|-------------------------------------|-----------|
| Direct Spending (Outlays)  | 0             | 136                                 | 392       |
| Revenues   | 0             | 0                                   | 0         |
| Increase or Decrease (-) in the Deficit  | 0             | 136                                 | 392       |
| Spending Subject to Appropriation (Outlays)  | 0             | 103                                 | 298       |
| Statutory pay-as-you-go procedures apply?  | Yes           | <b>Mandate Effects</b>              |           |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032? | < \$5 billion | Contains intergovernmental mandate? | No        |
|  |               | Contains private-sector mandate?    | No        |

#### The bill would

- Make it easier for veterans to establish that certain mental health conditions were caused by sexual trauma during their military service
- Increase health care services for veterans with mental health conditions that result from sexual trauma during their military service
- Require the Department of Veterans Affairs to institute a 3-year pilot program to provide intensive outpatient mental health care when wait times for residential mental health care exceed 14 days
- Expand eligibility for counseling and treatment of health conditions that result from sexual trauma during military service to all former reservists and National Guard members
- Require several reports and studies

#### Estimated budgetary effects would mainly stem from

- Increased disability compensation and increased health care costs for veterans determined to have mental health conditions caused by sexual trauma
- Health care costs for veterans who become newly eligible for counseling and treatment

#### Areas of significant uncertainty include

- Estimating the number of veterans who would have new or higher disability ratings
- Anticipating the number of veterans who would receive additional health care

**Detailed estimate begins on the next page.**

## Bill Summary

S. 3025 would require the Department of Veterans Affairs (VA) to accept additional evidence from veterans who file claims for disability compensation because of certain mental health conditions caused by military sexual trauma (MST). As a result, additional veterans would receive disability compensation and health care from VA under the bill. The bill also would expand eligibility for counseling and treatment of MST-related conditions to all former reservists and National Guard members regardless of whether they served on active duty.

## Estimated Federal Cost

The estimated budgetary effects of S. 3025 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

| <b>Table 1.<br/>Estimated Budgetary Effects of S. 3025</b> |             |             |             |             |             |             |             |             |             |             |    |                       |                       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----|-----------------------|-----------------------|
| <b>By Fiscal Year, Millions of Dollars</b>                 |             |             |             |             |             |             |             |             |             |             |    | <b>2022-<br/>2027</b> | <b>2022-<br/>2032</b> |
| <b>2022</b>  | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031</b> | <b>2032</b> |    |                       |                       |
| <b>Increases in Direct Spending</b>                        |             |             |             |             |             |             |             |             |             |             |    |                       |                       |
| Estimated Budget Authority                                 | 0           | 8           | 19          | 30          | 36          | 43          | 46          | 47          | 51          | 54          | 58 | 136                   | 392                   |
| Estimated Outlays  | 0           | 8           | 19          | 30          | 36          | 43          | 46          | 47          | 51          | 54          | 58 | 136                   | 392                   |
| <b>Increases in Spending Subject to Appropriation</b>      |             |             |             |             |             |             |             |             |             |             |    |                       |                       |
| Estimated Authorization                                    | 0           | 8           | 13          | 22          | 28          | 32          | 34          | 38          | 40          | 42          | 41 | 106                   | 303                   |
| Estimated Outlays  | 0           | 8           | 13          | 20          | 27          | 32          | 34          | 37          | 39          | 42          | 41 | 103                   | 298                   |

Components may not sum to totals because of rounding.

## Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2022 and that the estimated amounts will be appropriated each year. CBO expects that costs would be incurred beginning in 2023 to account for the time necessary to draft and implement rules. Estimated outlays are based on historical spending patterns for the affected programs.

## Direct Spending

Under current law, veterans are eligible for disability compensation for conditions related to military sexual trauma, including post-traumatic stress disorder (PTSD), anxiety, and depression. Disability compensation is a monthly cash benefit paid to veterans who have disabilities or diseases that VA determines are connected to their military service. VA

assigns a disability rating to veterans depending upon the severity of their condition. The ratings range from zero to 100 percent and increase in increments of 10 percent; veterans with higher ratings receive more disability compensation. Disability compensation is paid from mandatory appropriations.

VA considers several types of evidence when evaluating claims for PTSD that are related to MST. In addition to official service records from the Department of Defense, VA may accept other evidence such as:

- Reports from law enforcement agencies and health care records;
- Lay evidence such as statements from counselors, family members, roommates, and fellow service members;
- Evidence of substance abuse, relationship issues, or unexplained behavioral changes or issues; and
- Other unofficial sources of evidence that would support the claim.

VA does not accept all those forms of evidence when evaluating claims for mental health conditions related to MST, other than PTSD. Under section 203, VA would be required to do so. CBO expects that allowing veterans to submit other types of evidence to support their claims would result in the approval of additional disability compensation claims related to MST relative to current law. CBO estimates that payments for disability compensation arising from those claims would increase direct spending by \$392 million over the 2022-2032 period.

The additional claims that would be paid under section 203 fall into three categories. The first category is previously denied claims that would be resubmitted for review. The second category consists of claims that will be submitted and denied under current law that would instead be approved under the bill. The third category consists of new claims submitted as a result of the ability to provide other types of evidence to support the claim. There is significant uncertainty about how many veterans' claims from each category would be approved as a result of the bill. For the purpose of this estimate, CBO generally assumed that 50 percent of claims from each category would be approved.

*Previously Denied Claims.* Compensation paid for claims that have been previously denied would increase by \$290 million over the 2022-2032 period, CBO estimates.

Between 2017 and 2021, VA denied about 1,150 compensation claims for mental health conditions other than PTSD arising from sexual trauma. CBO estimates that half of those claimants who were previously denied would reapply, and that half of those applicants, or about 290 would have claims approved. Using information provided by VA on the number of veterans who will have disability ratings under current law, CBO estimates that 130 of

those claimants (45 percent) would be newly eligible for compensation and that 160 (55 percent) would see an increase in their disability rating. Both groups would begin receiving compensation within the 2022-2032 period. CBO estimates that a total of 285 veterans whose previous claims were denied would receive additional benefits by 2032. Payments to veterans who received a new disability rating would average \$14,700; payments to those with increased ratings would average an additional \$17,500. CBO estimates that those additional payments would total \$40 million over the 2022-2032 period.

CBO expects that some veterans, those who were previously denied compensation for mental health conditions other than PTSD and did not originally claim that those conditions were caused by sexual trauma, would reapply using MST as a basis because they could more easily provide supporting evidence. According to VA, between 2017 and 2021, about 360,000 such veterans whose claims were denied had not claimed a connection to MST. CBO estimates that about 3,600 of those veterans would reapply with an MST claim, and that half, or 1,800, would begin receiving compensation within the 2022-2027 period. CBO estimates that of those claimants, 810 would be new recipients and 990 would have their existing disability rating increased. CBO estimates that by 2032 about 1,760 veterans whose previous claims were denied would receive additional benefits. Payments to veterans with a new disability rating would average \$14,700 and payments to veterans with a higher disability rating would average \$17,500. CBO estimates that costs for disability compensation previously denied for mental health conditions other than PTSD that were not related to MST claims would total \$250 million over the 2022-2032 period.

*Claims Denied Under Current Law.* According to VA, about 175 claims for non-PTSD mental conditions that stem from MST have, on average, been denied annually in recent years because the department determined that claimants' conditions did not meet the criteria for MST. Under the bill, CBO expects half of such claims would be approved as a result of the bill's requirement that VA accept additional supporting evidence. Using information from VA on the number of veterans who will have disability ratings under current law, CBO estimates that 45 percent of approved claims would be from veterans who would receive disability compensation for the first time and that 55 percent would be from veterans who already receive disability compensation for other conditions and would see an increase to their monthly benefit. As a result, CBO anticipates about 40 approved claims each year would be for first-time disability compensation, and about 50 would result in a higher disability rating for veterans who already receive disability compensation. CBO estimates that about 875 veterans whose claims we expect will be denied under current law would receive additional benefits by 2032. Using the average disability rating for mental health conditions related to sexual trauma, CBO estimates that additional annual payments to veterans who received a new disability rating would average \$14,700 over the 2022-2032 period. CBO estimates that veterans who have disability ratings for other conditions would see those ratings increase by an average of 30 percent. Payments to those veterans would

increase by an average of \$17,500 over that period. After accounting for planned increases in the rates of disability compensation and growth in the number of people receiving compensation, CBO estimates that those additional payments would total \$83 million over the 2022-2032 period.

*New Claims.* CBO estimates that enacting the bill would increase the number of applications for disability compensation for MST-related mental conditions other than PTSD, compared with the number under current law. According to VA, on average, about 415 veterans each year receive a new rating for mental health conditions other than PTSD related to MST. CBO estimates that 20 additional veterans would apply for and receive compensation each year as a result of the bill. CBO estimates that of those newly approved claims, about 9 (45 percent) each year would be for new recipients and about 11 (55 percent) of those claimants would already be receiving disability compensation for other conditions and would have their current rating increased. By 2032, CBO estimates, about 200 additional veterans would be receiving additional compensation. CBO estimates that payments to veterans who received new disability ratings would average \$14,700 and payments to veterans whose disability rating increased would average an additional \$17,500. CBO estimates costs for disability compensation for veterans resulting from an increase in applications for other mental conditions related to MST would total \$19 million over the 2022-2032 period.

Section 203 would also increase costs for processing disability claims; those effects are discussed below under the heading “Spending Subject to Appropriation.”

### **Spending Subject to Appropriation**

Implementing S. 3025 would increase spending to provide health care, process disability claims, deliver training, conduct studies, and prepare reports. Those costs would total \$298 million over the 2022-2032 period; such spending would be subject to the appropriation of the estimated amounts (see Table 2).

**Health Care.** Eligible veterans who enroll in VA’s health care system are assigned to priority groups, which affects their access to health care and determines whether they are subject to copayments. In general, veterans assigned to higher priority groups pay little or nothing out of pocket and can receive additional benefits such as transportation subsidies for medical appointments. Because more veterans would receive disability ratings under section 203, some of those veterans would be treated in the VA health care system at a higher priority and receive more care from VA at a higher cost to the department.

Some veterans who receive a disability rating under section 203 would newly enroll in the VA health care system. Other veterans who will be enrolled under current law would receive health care at a higher priority level.

Based on data from VA about the average costs of care by priority group, CBO estimated the average costs of additional care for the affected populations. As a result of new eligibility or

assignment to a higher priority group for care, CBO estimates that an average of 740 additional veterans would newly enroll in the VA health care system on an annual basis at an average cost of almost \$22,000 per year. CBO also estimates that about 250 veterans who will be enrolled in the VA health care system under current law would receive care at a higher priority level at an average cost of \$13,000 in additional care each year.

After accounting for the gradual enrollment of new beneficiaries and additional health care costs for current beneficiaries, CBO estimates that health care costs under section 203 would total \$187 million over the 2022-2032 period.

**Treatment and Counseling.** Section 301 would make all former members of the National Guard and reserves eligible for treatment and counseling services from VA for conditions related to military sexual trauma. Under current law, VA only provides such services to those people if they served on active duty before entering the Guard or reserves or if they were ordered to federal active duty in their reserve component status. Some veterans would become newly eligible upon enactment; other people would become eligible in subsequent years as they separate from the reserve component. Based on data from the VA, CBO estimates that about 2,000 additional veterans would become eligible under those two categories and seek MST-related care on an annual basis at an average cost of about \$4,500. Thus, implementing this section would cost \$96 million over the 2022-2032 period, CBO estimates.

**Disability Claims Processors.** As discussed under the heading “Direct Spending,” section 203 would increase the number of claims for disability compensation for conditions related to military sexual trauma. CBO estimates that VA would need additional resources to process those claims while maintaining current levels of service. Using information from the department, CBO estimates that the workload of compensation claims processors would increase by about 10 full-time equivalent positions in 2023 and by an average of 6 such positions each year over the 2022-2032 period. CBO expects that VA would need additional information technology assets and other resources as well. CBO estimates that the costs for personnel and other resources would total \$7 million over the 2022-2027 period.

**Outpatient Mental Health.** Section 303 would require VA to carry out a 3-year program to provide outpatient mental health care to current and former members of the military who experienced military sexual trauma and who face wait times of more than 14 days to enter a residential treatment program for mental health conditions related to that trauma. VA would be required to provide that care in at least four locations that have the longest wait times.

Based on information from VA, the department provides outpatient support at least once a week for veterans waiting for residential treatment. CBO expects that to meet the requirements of section 303, VA would implement the program in 2023 and hire two additional people who specialize in intensive outpatient treatment for MST at each of four facilities. After accounting for inflation, CBO estimates that salaries and training for those



new employees would cost an average of \$1 million annually and total \$3 million over the 2023-2025 period.

**Table 2.  
Estimated Increases in Spending Subject to Appropriation Under S. 3025**

|   | By Fiscal Year, Millions of Dollars |      |      |      |      |      |      |      |      |      |      | 2022-2027 | 2022-2032 |
|---|-------------------------------------|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
|   | 2022                                | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |           |           |
| <b>Increases in Spending Subject to Appropriation</b> |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| <b>Health Care</b>                                    |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | 1    | 4    | 11   | 18   | 21   | 23   | 26   | 28   | 30   | 29   | 55        | 191       |
| Estimated Outlays                                     | 0                                   | 1    | 4    | 10   | 17   | 21   | 23   | 25   | 27   | 30   | 29   | 53        | 187       |
| <b>Treatment and Counseling</b>                       |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | 5    | 6    | 8    | 9    | 10   | 11   | 12   | 12   | 12   | 12   | 38        | 97        |
| Estimated Outlays                                     | 0                                   | 5    | 6    | 7    | 9    | 10   | 11   | 12   | 12   | 12   | 12   | 37        | 96        |
| <b>Claims Processors</b>                              |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | 1    | 2    | 2    | 1    | 1    | *    | *    | *    | *    | *    | 7         | 7         |
| Estimated Outlays                                     | 0                                   | 1    | 2    | 2    | 1    | 1    | *    | *    | *    | *    | *    | 7         | 7         |
| <b>Outpatient Mental Health</b>                       |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | 1    | 1    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 3         | 3         |
| Estimated Outlays                                     | 0                                   | 1    | 1    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 3         | 3         |
| <b>Reports and Outreach</b>                           |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | *    | *    | *    | *    | *    | *    | *    | *    | *    | *    | 3         | 5         |
| Estimated Outlays                                     | 0                                   | *    | *    | *    | *    | *    | *    | *    | *    | *    | *    | 3         | 5         |
| <b>Total Changes</b>                                  |                                     |      |      |      |      |      |      |      |      |      |      |           |           |
| Estimated Authorization                               | 0                                   | 8    | 13   | 22   | 28   | 32   | 34   | 38   | 40   | 42   | 41   | 106       | 303       |
| Estimated Outlays                                     | 0                                   | 8    | 13   | 20   | 27   | 32   | 34   | 37   | 39   | 42   | 41   | 103       | 298       |

Components may not sum to totals because of rounding; \* = between zero and \$500,000.

**Reports, Studies, and Outreach.** Several provisions of the bill would require studies and reports to the Congress on health care and benefits related to MST. Other provisions would

require VA to provide information to veterans about VA’s services and benefits for MST survivors. Using information on the cost of similar reports and outreach efforts, CBO estimates those requirements would costs \$5 million over the 2022-2032 period.

**Uncertainty**

CBO’s direct spending estimate depends on the number of veterans who would receive new or increased disability compensation. If the number differs from CBO’s estimates, costs could be higher or lower than those estimated. Other factors, such as the amount of compensation veterans receive also could differ from the amounts CBO estimates. Changes in those inputs also would affect costs but to a much smaller degree than would differences in the size of the affected population.

Discretionary health care costs also would depend largely on the number of veterans who would receive new or increased disability compensation under the bill.

**Pay-As-You-Go Considerations: None.**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 3.

| <b>Table 3.<br/>CBO’s Estimate of the Statutory Pay-As-You-Go Effects of S. 3025, the Servicemembers and Veterans Empowerment and Support Act of 2021, as ordered reported by the Senate Committee Veterans’ Affairs on March 1, 2022</b> |                                    |             |             |             |             |             |             |             |             |             |    |                       |                       |
|---|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----|-----------------------|-----------------------|
| <b>By Fiscal Year, Millions of Dollars</b>  |                                    |             |             |             |             |             |             |             |             |             |    | <b>2022-<br/>2027</b> | <b>2022-<br/>2032</b> |
| <b>2022</b>   | <b>2023</b>                        | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> | <b>2029</b> | <b>2030</b> | <b>2031</b> | <b>2032</b> |    |                       |                       |
|   | <b>Net Increase in the Deficit</b> |             |             |             |             |             |             |             |             |             |    |                       |                       |
| <b>Pay-As-You-Go Effect</b>   | 0                                  | 8           | 19          | 30          | 36          | 43          | 46          | 47          | 51          | 54          | 58 | 136                   | 392                   |

**Increase in Long-Term Deficits:**

CBO estimates that enacting S. 3025 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2033.

**Mandates: None.**





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