

VA COST SAVINGS ENHANCEMENTS ACT

JULY 24, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROE of Tennessee, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 5974]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 5974) to direct the Secretary of Veterans Affairs to use on-site regulated medical waste treatment systems at certain Department of Veterans Affairs facilities, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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## AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Department of Veterans Affairs Creation of On-Site Treatment Systems Affording Veterans Improvements and Numerous General Safety Enhancements Act” or the “VA COST SAVINGS Enhancements Act”.

**SEC. 2. USE OF ON-SITE REGULATED MEDICAL WASTE TREATMENT SYSTEMS AT DEPARTMENT OF VETERANS AFFAIRS FACILITIES.**

(a) IDENTIFICATION OF FACILITIES.—The Secretary of Veterans Affairs shall identify Department of Veterans Affairs facilities that would benefit from cost savings associated with the use of an on-site regulated medical waste treatment system over a five-year period.

(b) REGULATED MEDICAL WASTE COST ANALYSIS MODEL.—For purposes of carrying out subsection (a), the Secretary shall develop a uniform regulated medical waste cost analysis model to be used to determine the cost savings associated with the use of an on-site regulated medical waste treatment system at Department facilities. Such model shall be designed to calculate savings based on—

(1) the cost of treating regulated medical waste at an off-site location under a contract with a non-Department entity, compared to

(2) the cost of treating regulated medical waste on-site, based on the equipment specification of treatment system manufacturers, with capital costs amortized over a ten-year period.

(c) INSTALLATION.—At each Department facility identified under subsection (a), the Secretary shall secure, install, and operate an on-site regulated medical waste treatment system.

(d) USE OF BLANKET PURCHASE AGREEMENT.—Any medical waste treatment system purchased pursuant to this section shall be purchased under the blanket purchase agreement known as the “VHA Regulated Medical Waste On-Site Treatment Equipment Systems Blanket Purchase Agreement” or any successor, contract, agreement, or other arrangement.

(e) REGULATED MEDICAL WASTE DEFINED.—In this section, the term “regulated medical waste” has the meaning given such term under section 173.134(a)(5) of title 49, Code of Federal Regulations, concerning regulated medical waste and infectious substances, or any successor regulation, except that, in the case of an applicable State law that is more expansive, the definition in the State law shall apply.

## PURPOSE AND SUMMARY

H.R. 5974, as amended, the Department of Veterans Affairs Creation of On-Site Treatment Systems Affording Veterans Improvements and Numerous General Safety Enhancements (VA COST SAVINGS) Act, would require VA to establish a uniform, regulated medical waste cost analysis model to be used to determine the cost savings associated with on-site medical waste disposal and to install and operate on-site medical waste treatment facilities at locations determined to benefit from supplanting off-site disposal services. Representative Jeff Dunham of California introduced H.R. 5974 on May 25, 2018.

## BACKGROUND AND NEED FOR LEGISLATION

According to the World Health Organization, 15 percent of all waste generated by healthcare activities is considered infectious, toxic or radioactive waste—collectively referred to as regulated medical waste.<sup>1</sup> Proper containment and removal of regulated medical waste prevents contamination and the spread of infectious conditions. The management and disposal of regulated medical waste is required at virtually every clinical site operated by the Veterans Health Administration (VHA)—with approximately 80 percent of

<sup>1</sup> <http://www.who.int/news-room/fact-sheets/detail/health-care-waste>

VHA facilities outsourcing to contractors who specialize in off-site disposal.

While off-site disposal is a relatively safe and effective method, on-site disposal often provides a cheaper, safer, and more environmentally-friendly means of disposal. The on-site disposal of regulated medical waste is also beneficial in emergency and contingency scenarios, where off-site disposal services may be interrupted.

According to the bill sponsor, the World Health Organization and the Centers for Disease Control and Prevention (CDC) both consider on-site waste management to be a medical best practice as well as a cost-effective alternate to off-site waste management. VA has also acknowledged the cost, readiness, and environmental benefits of on-site disposal of regulated medical waste, and has issued a blanket purchase agreement for on-site regulated medical waste treatment equipment; however, only 20 percent of VHA facilities have installed on-site sterilization equipment.<sup>2</sup>

H.R. 5974, as amended, would direct VA to establish a standardized cost analysis model by which each VA medical facility can be evaluated to determine if the use of on-site sterilization and disposal equipment would be beneficial and to identify those facilities which would benefit over a 5-year baseline. The Committee believes that H.R. 5974, as amended, would both improve VA's emergency preparedness and improve the stewardship of taxpayer resources.

#### HEARINGS

On June 13, 2018, the Subcommittee on Health conducted a legislative hearing on a number of bills including H.R. 5974, as amended.

The following witnesses testified:

The Honorable Vicky Hartzler, U.S. House of Representatives, 4th District, Missouri; The Honorable Marcy Kaptur, U.S. House of Representatives, 9th District, Ohio; The Honorable Matt Cartwright, U.S. House of Representatives, 17th District, Pennsylvania; The Honorable Clay Higgins, U.S. House of Representatives, 3rd District, Louisiana; The Honorable Mike Bost, U.S. House of Representatives, 12th District, Illinois; The Honorable Jeff Denham, U.S. House of Representatives, 10th District, California; The Honorable Jenniffer González-Colón, U.S. House of Representatives, Puerto Rico; The Honorable Brad Wenstrup, U.S. House of Representatives, 2nd District, Ohio; Roscoe Butler, Deputy Director for Health Care, The American Legion; Jeremy Villanueva, Associate National Legislative Director, Disabled American Veterans; Kayda Keleher, Associate Director, Veterans of Foreign Wars of the United States; Jessica Bonjorni, Acting Assistant Deputy Under Secretary for Health for Workforce Services, U.S. Department of Veterans Affairs, who was accompanied by Dayna Cooper, MSN, RN, Director of Home and Community-Based Programs, Veterans Health Administration, U.S. Department of Veterans Affairs.

Statements for the record were submitted by:

<sup>2</sup> <https://www.voa.va.gov/DocumentView.aspx?DocumentID=3944>

American Orthotic and Prosthetic Association, Paralyzed Veterans of America, and Military Officers Association of America.

#### SUBCOMMITTEE CONSIDERATION

On June 27, 2018, the Subcommittee on Health met in open markup session, a quorum being present and favorably forwarded H.R. 5974, as amended, to the Full Committee. During consideration of the bills, the following amendment was considered and agreed to by voice vote:

An amendment offered by Representative Radewagen of American Samoa, which would include a technical correction to appropriately identify the nature of the current blanket purchase agreement, and to include any successor agreements.

#### COMMITTEE CONSIDERATION

On July 12, 2018, the full Committee met in open markup session, a quorum being present, and ordered H.R. 5974, as amended, to be reported favorably to the House of Representatives by voice vote. No amendments were offered to H.R. 5974, as amended.

#### COMMITTEE VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, there were no recorded votes taken on amendments or in connection with ordering H.R. 5974, as amended, reported to the House. A motion by Representative Walz of Minnesota to report H.R. 5974, as amended, favorably to the House of Representatives was adopted by voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

#### STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are to improve VA's emergency preparedness and stewardship of taxpayer resources.

#### NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 5974, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

## COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 5974, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 5974, as amended, provided by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 19, 2018.*

Hon. PHIL ROE, M.D.,  
*Chairman, Committee on Veterans' Affairs,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5974, the Department of Veterans Affairs Creation of On-Site Treatment Systems Affording Veterans Improvements and Numerous General Safety Enhancements Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ann E. Futrell.

Sincerely,

MARK P. HADLEY  
(For Keith Hall, Director).

Enclosure.

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

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 non-department 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.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 5974, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 5974, as amended.

#### STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, H.R. \_\_\_\_\_, as amended, is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 5974, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

#### STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 5974, as amended, establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee estimates that H.R. 5974, as amended, contains no directed rulemaking that would require the Secretary to prescribe regulations.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Short title*

Section 1 of the bill would establish the short title of the bill as the “Department of Veterans Affairs Creation of On-Site Treatment Systems Affording Veterans Improvements and Numerous General Safety Enhancements (VA COST SAVINGS) Act.”

*Section 2. Use of on-site regulated medical waste treatment systems at Department of Veterans Affairs facilities*

Section 2 of the bill would require the Department of Veterans Affairs to establish a cost analysis model to evaluate whether a facility would benefit from purchasing on-site waste disposal equipment or if an off-site waste disposal contract is more appropriate. Further, this section would require VA to purchase and install on-site waste disposal equipment at those facilities identified to benefit from it.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

If enacted, this bill would make no changes in existing law.

