



Office of the Secretary  
Washington DC 20420

In Reply Refer To: **00REG**

Date: February 11, 2018

From: Impact Analyst (00REG)

Subj: Economic Impact Analysis for RIN 2900-AP13, Schedule for Rating Disabilities;  
Gynecological Conditions and Disorders of the Breast

To: Director, Regulations Management (00REG)

I have reviewed this rulemaking package and determined the following.

1. This rulemaking will not have an annual effect on the economy of \$100 million or more, as set forth in Executive Order 12866.
2. This rulemaking will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act, 5 U.S.C. 601-612.
3. This rulemaking will not result in the expenditure of \$100 million or more by State, local, and tribal governments, in the aggregate, or by the private sector, under the Unfunded Mandates Reform Act of 1995, 2 U.S.C. 1532.
4. Attached please find the relevant cost impact documents.

**(Attachment):** Agency's Impact Analysis, dated February 11, 2018

**Approved by:**  
Jeffrey M. Martin (00REG)  
Impact Analyst  
Regulation Policy & Management  
Office of the Secretary

**(Attachment)**  
**Impact Analysis for RIN 2900-AP13**

**Title of Rulemaking:** Schedule for Rating Disabilities; Gynecological Conditions and Disorders of the Breast

**Purpose:** To determine the economic impact of this rulemaking.

**The Need for the Regulatory Action:** The Department of Veterans Affairs (VA) is amending its adjudication regulations regarding the 38 CFR Part 4, Schedule for Rating Disabilities for the Gynecological Conditions and Disorders of the Breast. These changes are needed to incorporate medical advances that have occurred since the last review, update current medical terminology, and provide clear evaluation criteria. The rulemaking reflects advances in medical knowledge, recommendations from the Gynecological Conditions and Disorders of the Breast Work Group (“Work Group”), which is comprised of subject matter experts from both the Veterans Benefits Administration (VBA) and the Veterans Health Administration (VHA), and comments from experts and the public gathered as part of a public forum. The public forum, focusing on revisions to the gynecological conditions and disorders of the breast section of the VASRD, was held on January 24, 2012.

As part of VA’s ongoing revision of the VA Schedule for Rating Disabilities (“VASRD” or “rating schedule”), VA proposes changes to 38 CFR § 4.116, which pertains to gynecological conditions and disorders of the breast. Section 4.116 currently lists 19 diagnostic codes encompassing conditions involving injury or disease of female reproductive organs and of the breast. VA proposes to amend these codes, through addition, removal, or other revisions to reflect current medical science, terminology, and functional impairment.

**Paperwork Reduction Act (PRA) Impact:** This regulatory action contains new provisions constituting a collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.).

The information collection requirements for 38 CFR 3.151 are associated with this rule, but do not constitute a new or revised collection of information; these requirements are currently approved by the Office of Management and Budget (OMB) and have been assigned OMB control number 2900-0747.

For VA Form 21-526EZ, VA estimates the number of new respondents in 2018 at 65. The estimated completion time remains 25 minutes. VA therefore estimates the total incremental cost to all respondents to be \$644.22 (27 burden hours x \$23.86 per hour).

This rule is also associated with information collections known as Disability Benefit Questionnaires (DBQs), which enable claimants to gather the necessary information from his or her treating physician as to the current symptoms and severity of a disability, as applied to VA’s Schedule for Rating Disabilities (38 CFR Part 4). DBQs are not a mandatory information collection; an individual may establish entitlement to benefits without submission of these forms. Further, internal VBA data demonstrates that approximately 1.5 percent of all claims submitted annually contain a DBQ. For the current regulatory action, the information collection requirements are currently approved by OMB and have been assigned OMB control number 2900-0778.

For VA Form 21-0960K-1, Breast Conditions and Disorders DBQ, VA estimates no change in the number of new respondents and no revisions are proposed on this form.

For VA Form 21-0960K-2, Gynecological Conditions DBQ, VA estimates the number of new respondents in 2017 at 1. VA estimates the completion time will remain 30 minutes. VBA therefore estimates the total incremental cost to all respondents to be \$11.93 (0.5 burden hours x \$23.86 per hour).

**PRA Estimate:** The total incremental cost of this regulatory action and this information collection is estimated to be \$656.15.

#### **VA Estimate, Assumptions, and Methodology of the Analysis:**

**Estimated Transfer Costs:** Transfer costs are estimated to be \$284 thousand in 2018 and \$1.6 million for five years.

<b>Fiscal Year</b>	<b>Caseload</b>	<b>Obligations (\$000s)</b>
2018	65	\$284
2019	67	\$301
2020	69	\$319
2021	71	\$337
2022	73	\$357
<b>5-Year Total</b>		<b>\$1,597</b>

**Methodology:** This rulemaking changes the following diagnostic codes – 7619, 7621, 7622, 7623, and new 7630, 7631, and 7632.

Currently, evaluations under the diagnostic codes 7621, 7622, and 7623 address impairment due to different degree of pelvic organ prolapse such as cystocele, rectocele, uterine prolapse and other. Revised diagnostic code 7621 addresses all levels and all types of impairments due to pelvic organ prolapse and assigns evaluations based on measurements consistent with the pelvic organ prolapse quantification system (POP-Q). When compared with the existing rating criteria for diagnostic codes 7621, 7622, and 7623, VA anticipates no change in the disability ratings for these conditions under the POP-Q. Thus, VA estimates no transfer benefit costs or savings associated with these changes.

New diagnostic code 7632, Female Sexual Arousal Disorder (FSAD), will provide 0 percent compensation with an entitlement to receive special monthly compensation for the loss or loss of use of a creative organ. VA's current rating schedule provides the same rating by analogous rating practices. The addition of this diagnostic code will therefore only provide clarity and consistency in delivering rating decisions and will not result in any transfer benefit costs or savings.

The two new diagnostic codes, 7630 and 7631, are a result of current diagnostic codes restructure to separate disabling effects of benign and malignant neoplasms of the breast from disabling effects of benign and malignant neoplasms of gynecological system and will not result in any costs or savings.

VA estimates transfer benefit costs associated with the changes to diagnostic code 7619 "Ovary, removal of," which addresses impairment associated with complete and partial removal of the ovaries. Currently under diagnostic code 7619, only Veterans who lose both ovaries from service-connection receive a rating above zero percent. These Veterans are evaluated at 100 percent for the first three months following removal and then decreased to 30 percent thereafter. By placing a new note under diagnostic code 7619, this rulemaking will add a 30 percent rating (without a 100 percent temporary rating for three months) for Veterans who have lost one ovary from service-connection and subsequently lose the second ovary in a non-service connected manner.

In 2016, 4,058 Veterans were rated at zero percent under diagnostic code 7619. Compensation Service assumes these Veterans have lost one ovary from service connection. Additionally, according to Compensation Service, a woman is only likely to lose the second ovary from ovarian cancer. Based on data from the National Cancer Institute on the prevalence of ovarian cancer, Compensation service estimates two percent of the Veterans rated at zero percent under diagnostic code 7619 would have lost their second ovary to ovarian cancer. The two percent applied results in an estimated 81 Veterans who would be eligible for an increased evaluation to a 30 percent rating under this rulemaking. Of these 81 Veterans, Compensation service assumes a 75-percent application rate and 100-percent grant rate, resulting in 61 Veterans currently on the rolls who would receive an increased evaluation in 2018. Additionally, 247 Veteran were service-connected under diagnostic code 7619 in FY 2016. Assuming two percent of accessions would lose a second ovary and an application rate of 75 percent results in an additional four Veteran accessions per year beginning in 2019. Out-year caseload estimates also reflect Veteran compensation termination rates from the FY 2017 Mid-Session Review (MSR) budget. To calculate obligations, the increased payment from 0 percent to 30 percent (\$364.36 in 2018) from the FY 2017 MSR budget was applied to the caseload. Out-year estimates utilize COLA assumptions from the FY 2017 MSR budget.

**Administrative Costs:** No FTE or GOE costs are associated with this rulemaking.

**Contact:** For questions regarding the mandatory cost estimate, please contact Brad Dutton, ORM Benefits Budget Division (24).

**Date:** February 11, 2018