GAO
Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

B-289474

December 17, 2001

The Honorable John D. Rockefeller
Chairman
The Honorable Arlen Specter
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable Christopher H. Smith
Chairman
The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

Subject: Department of Veterans Affairs: Copayments for Medications

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Veterans Affairs (VA), entitled "Copayments for Medications" (RIN: 2900-AK85). We received the rule on November 29, 2001. It was published in the Federal Register as a final rule on December 6, 2001. 66 Fed. Reg. 63449.

The final rule amends the VA's medical regulations regarding copayment requirements for medications. The rule implements the provisions of the Veterans Millennium Health Care and Benefits Act and raises the copayment amount from $2 to $7.

Enclosed is our assessment of the VA's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the VA complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO

evaluation work relating to the subject matter of the rule is William Scanlon, Managing Director, Health Care. Mr. Scanlon can be reached at (202) 512-7114.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Thomas O. Gessel
Director, Office of Regulations Management
Department of Veterans Affairs

ENCLOSURE

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF VETERANS AFFAIRS
ENTITLED
"COPAYMENTS FOR MEDICATIONS"
(RIN: 2900-AK85)

(i) Cost-benefit analysis

The VA notes that in fiscal year 2000, approximately 1.1 million veterans averaged 47 30-day supply prescriptions per year and the VA collected $101 million in fiscal year 2000 as copayments. With raising the amount of the copayment from $2 to $7, it is anticipated that there will be a $250 million increase in collections annually.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Secretary of VA has certified that the final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain either an intergovernmental or private sector mandate, as defined in title II, of more than $100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued under the notice and comment procedures found at 5 U.S.C. 553. On July 16, 2001, the VA published a Notice of Proposed Rulemaking in the Federal Register. 66 Fed. Reg. 36960. Over 1,000 comments were received in response to the notice and are discussed in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule does not contain any information collections that are subject to review by the Office of Management and Budget under the Paperwork Reduction Act.

Statutory authorization for the rule

The final rule is promulgated pursuant to the authority contained in section 201 of the Veterans Millennium Health Care and Benefits Act (Pub. L. 106-117), 38 U.S.C. 1722A.

Executive Order No. 12866

The final rule was reviewed by OMB and found to be an "economically significant" regulatory action under the order.