



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

June 4, 2001

**H.R. 801
Veterans' Survivor Benefits Improvements Act of 2001**

As cleared by the Congress on May 24, 2001

The act would make the survivors of certain veterans eligible for medical insurance, and extend coverage under Servicemembers' Group Life Insurance (SGLI). Neither measure would affect pay-as-you-go scoring.

Section 3 of H.R. 801 would modify CHAMPVA, an insurance program run by the Department of Veterans Affairs (VA) for survivors of certain veterans, so that beneficiaries age 65 and over could use the insurance as a second-payer to Medicare. By itself, this section could increase direct spending in the Medicare program, because individuals who did not previously have supplemental medical insurance could use more Medicare-covered services once the co-payments were covered by CHAMPVA. However, VA is required to provide the same level of benefits under CHAMPVA as provided by the military insurance program (Tricare). Under Public Law 106-398, enacted on October 30, 2001, Medicare-eligible beneficiaries of the uniformed services will be able to use Tricare as a second-payer to Medicare beginning on October 1, 2001. Accordingly, VA has stated that it plans to provide the above benefit under the CHAMPVA insurance program. Because VA would have provided this insurance in the absence of H.R. 801, CBO does not assign any direct spending costs to section 3 of H.R. 801.

Section 4 would expand coverage of SGLI to include dependents of active-duty servicemembers and reservists. Section 5 would make retroactive to October 1, 2000, an increase in the maximum coverage amount of SGLI for servicemembers who have died in the performance of duty. Since premiums paid by policyholders cover all the costs of this program, neither section would have any net budgetary impact.

The CBO staff contacts are Sam Papenfuss and Michelle Patterson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.