CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 5, 2000

S. 3267
Retired Coal Miners Health Benefit Security Act

As ordered reported by the Senate Committee on Finance on September 7, 2000

SUMMARY

The Retired Coal Miners Health Benefit Security Act would transfer $77 million from the general fund of the U.S. Treasury to the United Mine Workers of America Combined Benefit Fund (CBF). Of that total, $57 million would be available to pay for the health and death benefits of the retired coal miners and their dependents who are beneficiaries of the CBF. The remaining $20 million would be available to reimburse companies that had their assignments voided by the Commissioner of the Social Security Administration following *Eastern Enterprises v. Apfel*, 524 U.S. 498 (1998), but did not receive refunds of their premiums from the CBF because they already were subject to final judgments.

The transfer would decrease federal Medicaid spending by about $1 million in each of fiscal years 2001 and 2002, and increase receipts from corporate income taxes by $5 million in 2001.

In total, enacting this legislation would increase direct spending by $54 million in 2001 and by $21 million in 2002, and increase federal receipts by $5 million. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply.

The Retired Coal Miners Health Benefit Security Act contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Enacting the bill would result in Medicaid savings for state governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the Retired Coal Miners Health Benefit Security Act is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Additional CBF Payments					
Budget Authority	77	0	0	0	0
Estimated Outlays	55	22	0	0	0
Federal Share of Medicaid					
Estimated Budget Authority	-1	-1	0	0	0
Estimated Outlays	-1	-1	0	0	0
Net Effect					
Estimated Budget Authority	76	-1	0	0	0
Estimated Outlays	54	21	0	0	0
CHANGES IN REVENUES					
Estimated Revenues	5	0	0	0	0

BASIS OF ESTIMATE

CBO estimates that in 2001, $35 million of the amount transferred by the legislation would be spent on benefits and $20 million of the transfer would be spent to refund premiums paid by companies that had their assignments revoked following the case of *Eastern Enterprises*. The remaining $22 million of the transfer would be spent on benefits in 2002.

CBO estimates that beginning in 2001, the CBF will not have sufficient income to cover benefits. In the event of a deficit, the trustees of the CBF would first try to balance the fund through reducing spending on items and services other than health benefits. But if the deficit were large enough, they would have to cut benefits. For retired coal miners who are also enrolled in Medicaid, a portion of those benefits would be shifted to the Medicaid program. Under the bill, $57 million of the transfer to the CBF would reduce the amount of benefits that would otherwise be shifted to Medicaid. That change would decrease federal Medicaid spending by about $1 million each year for 2001 and 2002.

In addition, the $20 million refunded to the coal companies would be counted as income that is subject to corporate income tax. The Joint Committee on Taxation (JCT) estimates that provision would increase revenues from the corporate income tax by $5 million in 2001.

The bill also would require the Comptroller General of the United States to study long-term reform of the Coal Industry Retiree Health Benefit Act of 1992 and retiree health benefits under that act. Under current law, the General Accounting Office is performing this study pursuant to a request from the Congress. As a result, CBO estimates no additional cost from mandating the report through legislation.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	54	21	0	0	0	0	0	0	0	0
Changes in receipts	5	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The Retired Coal Miners Health Benefit Security Act contains no intergovernmental mandates as defined in UMRA. Because additional resources in the Combined Benefit Fund would provide health benefits to eligible retired coal miners, estimated Medicaid spending would decrease. CBO estimates that states would save about $500,000 in each of the fiscal years 2001 and 2002 in the Medicaid program.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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