

April 8, 2004

Honorable Patrick J. Leahy  
Ranking Democratic Member  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Senator:

As you requested, CBO has estimated the cost of enacting S. 1125, the Fairness in Asbestos Injury Resolution Act of 2003, if it were amended to include the revised award values you specified in the table below. Assuming enactment of S. 1125 in the fall of 2004, CBO estimates that the Asbestos Fund would be presented with eligible claims totaling \$167 billion over the 2006-2052 period, based on the award values you specified. That is an increase of \$44 billion over CBO's current estimate of the cost of such claims under S. 1125 as reported by the Committee on the Judiciary on July 30, 2003.

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Level	Scheduled Condition or Disease	Scheduled Value
I	Asbestosis/Pleural Disease A	Medical Monitoring
II	Mixed Disease With Impairment	\$35,000
III	Asbestosis/Pleural Disease B	\$110,000
IV	Severe Asbestosis	\$400,000
V	Disabling Asbestosis	\$850,000
VI	Other Cancer	\$200,000

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Continued

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Level	Scheduled Condition or Disease	Scheduled Value
VII	Lung Cancer One	Smokers: \$200,000; Nonsmokers: \$650,000
VIII	Lung Cancer With Pleural Disease	Smokers: \$350,000; Nonsmokers: \$800,000
IX	Lung Cancer With Asbestosis	Smokers: \$600,000; Nonsmokers: \$1,100,000
X	Mesothelioma	\$1,100,000

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For this estimate we assume that there would be no other changes to the bill other than the modified award values. Assuming the award values specified in your request, CBO estimates that the Asbestos Fund would not be able to collect sufficient amounts from insurance companies and defendant firms to pay all the eligible claims that it would receive. Therefore, we expect that the fund would terminate under section 404 of the bill. (Under that section, fund operations would terminate if resources are inadequate to pay awarded claims.)

I hope this information is helpful to you. If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Lanette J. Walker.

Sincerely,

Douglas Holtz-Eakin  
Director

cc: Honorable Orrin G. Hatch  
Chairman