



Highlights of [GAO-08-628T](#), a testimony to Congressional Subcommittees

Why GAO Did This Study

The U.S. federal government has played an ever-increasing role in providing benefits to individuals injured as a result of exposure to harmful substances. Over the years, it has established several key compensation programs, including the Black Lung Program, the Vaccine Injury Compensation Program (VICP), the Radiation Exposure Compensation Program (RECP), and the Energy Employees Occupational Illness Compensation Program (EEOICP), which GAO has reviewed in prior work.

Most recently, the Congress introduced legislation to expand the benefits provided by the September 11th Victim Compensation Fund of 2001. As these changes are considered, observations about other federal compensation programs may be useful. In that context, GAO's testimony today will focus on four federal compensation programs, including (1) the structure of the programs; (2) the cost of the programs through fiscal year 2004, including initial cost estimates and the actual costs of benefits paid, and administrative costs; and (3) the number of claims filed and factors that affect the length of time it takes to finalize claims and compensate eligible claimants.

To address these issues, GAO relied on its 2005 report on four federal compensation programs. As part of that work, GAO did not review the September 11th Victim Compensation Fund of 2001.

To view the full product, including the scope and methodology, click on [GAO-08-628T](#). For more information, contact Anne-Marie Lasowski at (202) 512-7215 or lasowskia@gao.gov.

FEDERAL COMPENSATION PROGRAMS

Perspectives on Four Programs for Individuals Injured by Exposure to Harmful Substances

What GAO Found

The four federal compensation programs GAO reviewed in 2005 were designed to compensate individuals injured by exposure to harmful substances. However, the structure of these programs differs significantly in key areas such as the agencies that administer them, their funding, benefits paid, and eligibility. For example, although initially funded through annual appropriations, the Black Lung Program is now funded by a trust fund established in 1978 financed by an excise tax on coal and supplemented with additional funds. In contrast, EEOICP and RECP are completely federally funded. Since the inception of the programs, the federal government's role has increased and all four programs have been expanded to provide eligibility to additional categories of claimants, cover more medical conditions, or provide additional benefits.

As the federal role for these four programs has grown and eligibility has expanded, so have the costs. Total benefits paid through fiscal year 2004 for two of the programs—the Black Lung Program and RECP—significantly exceeded their initial estimates for various reasons. The initial estimate of benefits for the Black Lung Program developed in 1969 was about \$3 billion. Actual benefits paid through 1976—the date when the program was initially to have ended—totalled over \$4.5 billion and, benefits paid through fiscal year 2004 totalled over \$41 billion. Actual costs for the Black Lung Program significantly exceeded the initial estimate for several reasons, including (1) the program was initially set up to end in 1976 when state workers' compensation programs were to have provided these benefits to coal miners and their dependents, and (2) the program has been expanded several times to increase benefits and add categories of claimants. For RECP, the costs of benefits paid through fiscal year 2004 exceeded the initial estimate by about \$247 million, in part because the original program was expanded to include additional categories of claimants. In addition, the annual administrative costs for the programs varied, from approximately \$3.0 million for RECP to about \$89.5 million for EEOICP for fiscal year 2004.

Finally, the number of claims filed for three of the programs significantly exceeded the initial estimates, and the structure of the programs affected the length of time it took to finalize claims and compensate eligible claimants. For the three programs for which initial estimates were available, the number of claims filed significantly exceeded the initial estimates. In addition, the way the programs were structured, including the approval process and the extent to which the programs allow claimants and payers to appeal claims decisions in the courts, affected how long it took to finalize the claims. Some of the claims have taken years to finalize. For example, it can take years to approve some EEOICP claims because of the lengthy process required for one of the agencies involved in the approval process to determine the levels of radiation to which claimants were exposed. In addition, claims for benefits provided by programs in which the claims can be appealed can take a long time to finalize.