



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

October 27, 1998

**H.R. 1023
Ricky Ray Hemophilia Relief Fund Act of 1998**

As cleared by the Congress on October 21, 1998

SUMMARY

H.R. 1023 excludes from eligibility determinations for Supplemental Security Income (SSI) benefits settlement payments from private lawsuits by hemophiliacs who contracted the human immunodeficiency virus (HIV) from a contaminated antihemophilic factor. CBO estimates that this legislation will increase direct spending by \$17 million over the 1999-2003 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1023 is shown in the following table. The cost of this legislation falls within budget function 600 (Income Security). For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

SUMMARY OF PAY-AS-YOU-GO EFFECTS OF H.R. 1023

	By Fiscal Year, in Millions of Dollars									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Change in outlays	5	4	3	3	2	2	2	1	1	1
Change in receipts	Not applicable									

BASIS OF ESTIMATE

Thousands of hemophiliacs who contracted HIV through contaminated blood products have filed lawsuits against the manufacturers of those blood products. H.R. 1023 will exempt any settlement payments arising from these lawsuits from consideration as income or resources in determining eligibility for Medicaid or SSI benefits. These settlement payments have already been exempted from Medicaid eligibility determinations by the Balanced Budget Act of 1997. Most payments are part of a class settlement in the *Susan Walker v. Bayer Corporation, et al.* case. (This settlement is also known as the *In Re Factor VIII or IX Concentrate Blood Products Litigation* settlement.) Under this settlement, hemophiliacs or their survivors will receive a payment of \$100,000 per case of HIV infection.

Under prior law, these settlement payments would have been treated as income in SSI eligibility determinations. The size of the payments in the *Susan Walker v. Bayer* settlement and other lawsuits would almost certainly have made any individuals currently receiving SSI ineligible. H.R. 1023 will thus preserve SSI eligibility for a group of people who would otherwise have become ineligible.

Approximately 3,250 hemophiliacs who have contracted HIV through tainted blood products are currently alive. Of this total, CBO estimates that 1,300 people are receiving SSI benefits. A small number of these individuals will not be affected by H.R. 1023 because they will place their settlement payments in a special needs trust, which preserves their SSI eligibility. The estimated cost of preserving SSI eligibility for the remaining beneficiaries will be \$5 million in 1999 and less in subsequent years.

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