

**DESCRIPTION OF THE CHAIRMAN'S MARK OF THE
"RETIRED COAL MINERS HEALTH BENEFIT SECURITY ACT"**

Scheduled for Markup

by the

SENATE COMMITTEE ON FINANCE

on September 7, 2000

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION



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I. INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of the Chairman's mark of an original bill, the "Retired Coal Miners Health Benefit Security Act" scheduled for markup by the Senate Committee on Finance on September 7, 2000.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of the Chairman's Mark of the "Retired Coal Miners Health Benefit Security Act"* (JCX-90-00), September 5, 2000.

II. DESCRIPTION OF THE RETIRED COAL MINERS HEALTH BENEFIT SECURITY ACT

Present Law

The United Mine Workers of America (“UMWA”) Combined Benefit Fund was established by the Coal Industry Retiree Health Benefit Act of 1992 (“Coal Act”) to assume responsibility of payments for medical care expenses of retired miners and their dependents who were eligible for health care from the private 1950 and 1974 UMWA Benefit Plans. The Combined Benefit Fund is financed by assessments on current and former signatories to labor agreements with the UMWA, past transfers from an overfunded United Mine Workers pension fund, and transfers from the Abandoned Mine Land reclamation fund (“AML Fund”). Pursuant to the Coal Act, the Social Security Administration is responsible for assigning eligible retired miners and their dependents to current and former signatories to labor agreements with UMWA and calculating annual contributions to be paid by each such signatory for each beneficiary assigned to the signatory.

In April 1996, the United States Court of Appeals for the 11th Circuit affirmed an Alabama Federal district court ruling in National Coal Association v. Chater that the Social Security Administration had improperly construed the Coal Act when it calculated contributions owed to the Combined Benefit Fund. The court directed that future contributions be recalculated to reflect Medicare reimbursements obtained by the Combined Benefit Fund from the Health Care Financing Administration (“HCFA”), resulting in approximately a 10 percent reduction in contribution for each beneficiary assigned to a coal company under the Coal Act.

In March 1999, the United States Court of Appeals for the 6th Circuit ruled in Dixie Fuel Company v. Commissioner of Social Security that, because the Coal Act required the Social Security Administration to assign each beneficiary to a current or former signatory coal operator prior to October 1, 1993, and that any assignments of beneficiaries after September 30, 1993, were invalid.

Interest from fees collected by the AML Fund are used to pay contributions to the Combined Benefit Fund for beneficiaries who are not assigned to a coal company. The authorization of the AML Fund to collect fees will expire on September 30, 2004.

Description of Proposal

The proposal would provide for annual transfers of general revenue to the Combined Benefit Fund, as follows: \$40 million for fiscal year 2001, \$46 million for fiscal year 2002, \$47 million for each of fiscal years 2003 through 2007, \$45 million for each of fiscal years 2008 and 2009, and \$44 million for fiscal year 2010. The proposal would also reverse the effects of the court decision in National Coal Association v. Chater by providing that contributions to the Combined Benefit Fund would be calculated without reflecting Medicare reimbursements

obtained by the Combined Benefit Fund from HCFA. In addition, the proposal would amend the Internal Revenue Code to eliminate the October 1, 1993, deadline for the assignment of beneficiaries. Furthermore, the proposal would extend the authorization of the AML Fund to collect fees through September 30, 2010.

Effective Date

The proposal generally would be effective on the date of enactment. The portion of the proposal relating to the calculation of contributions to the Combined Benefit Fund would be effective for fiscal years beginning on or after October 1, 2000, and the authority to assign beneficiaries would be effective as if included in the Coal Act.