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**Bates White finds \$90 billion dollar mistake in
Congressional Budget Office's cost estimate of FAIR Act**

WASHINGTON, D.C., February 6, 2006—Bates White has found a \$90 billion error in the Congressional Budget Office's (CBO) analysis of the cost of the Fairness in Asbestos Injury Resolution Act (FAIR) Act of 2005. This critical error made by CBO should make Senators reconsider their support of this legislation.

Bates White demonstrates that the figures CBO presents in its own report lead to more than 200,000 claimants who will qualify for lung and other cancer claims (Level VI and Level VII). These claimants represent more than \$90 billion in additional costs. Specifically, CBO asserts that 1.5 million individuals will receive compensation for non-malignant conditions, meaning they have bilateral pleural disease and five or more years of exposure. National cancer incidence rates establish that more than 200,000 of these claimants eventually will develop lung or other cancers. Yet, CBO estimates that out of 200,000 eligible individuals only 28,000 (14 percent) will file Level VI and Level VII claims.

“CBO is asking Senators to believe that 86 percent of qualifying claimants who took the trouble to sign up for medical monitoring will not file the necessary paper work to collect their \$200,000 to \$800,000 entitlement. This is not credible. After all, the purpose of medical monitoring is to provide early detection of these and other diseases, ” said Charles E. Bates, President and Senior Partner, and co-author of the Bates White report. Dr. Bates also states that “accounting for the additional cancer costs for claimants already included in the CBO forecast shows the CBO ‘cost’ estimate should be more than \$210 billion, even without the other costs that CBO erroneously excludes.”

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Bates White’s analysis also illustrates that the CBO “cost” estimate excludes several key expenditure categories that increase the cost of the FAIR Act by more than \$50 billion. CBO acknowledges these costs exist, but excludes them from its estimate. Combining the excluded expenditure categories with the additional cancer costs shows that the CBO “cost” estimate should be more than \$260 billion. The statutory funding level of the national Trust is \$140 billion. This shortfall means the Fund would be bankrupted and forced to sunset two to three years after its enactment.

[Click here to download Bates White’s response to the COB letter.](#)

[Click here to access Bates White’s testimony on the FAIR Act.](#)

About Bates White

Bates White is a national economic consulting firm of more than 120 professionals. Established in 1999, Bates White offers consulting services in economics, finance, and business analytics. Bates White has offices in Washington, D.C., and San Diego, Calif. For detailed information about Bates White, visit www.bateswhite.com.

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