

United States Senate  
WASHINGTON, DC 20510-4504

COMMITTEES:  
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AND PENSIONS  
VETERANS' AFFAIRS

April 22, 2009

The Honorable Edward M. Kennedy  
Chairman  
Senate Committee on Health, Education, Labor and Pensions  
United States Senate  
Washington, D.C. 20510

Dear Chairman Kennedy:

I respectfully request that the Committee schedule a hearing to examine the very costly and damaging problems that resulted from the inadequate oversight of billions of dollars in workers compensation for overseas military contractors by the last administration. It is imperative that the Obama administration greatly improve its management of this program.

As you know, the Defense Base Act requires U.S. military overseas contractors to provide workers' compensation insurance. The large number of contract employees in Iraq has resulted in a huge increase in the overall workers' compensation insurance costs — costs that are provided by the Department of Defense and ultimately the taxpayers. The U.S. Army's and the Government Accountability Office's audits have called into question the annual price tag of this insurance, as well as the oversight of these payments. This is not a question of whether the compensation is deserved by the individuals or their family members, but whether defense contractors and insurance companies are charging premiums well beyond what is reasonable and whether employees are receiving the compensation they deserve.

As with many Iraq and Afghanistan war contracts, the Department of Labor - which has a key oversight role for workers compensation - and DOD have not adequately supervised or administered these wartime insurance premiums. The problems with the Defense Base Act enforcement is not just about reining in costs, but ensuring the program works. Without a doubt, worker compensation payments to deserving workers and their families should be made. It is unclear, however, how well the insurers handle the payments and whether those deserving receive the payments quickly and fairly.

A hearing would bring much needed clarity to the challenges of the Defense Base Act and would also provide an opportunity to improve and reform this program. Thank you and I look forward to working with you on this important issue.

Sincerely,



Bernard Sanders  
United States Senator