

What Has Changed in the January 1997 CBO Baseline

- Federal Medicaid spending projections are **\$86 billion lower** than CBO's April 1996 estimate for the 1997 - 2002 period.
 - Most of this reduction resulted from lower projected spending on adults and children (down 20% from the last baseline). In dollar amounts, the aged had the biggest reduction (over \$30 billion, or 15%).
 - Disproportionate Share Hospital (DSH) payments were reduced by about \$7 billion, or about 9%.
- Federal Medicare spending projections are **\$57 billion lower** than CBO's April 1996 estimate for the 1997 - 2002 period.
 - Most of the Medicare reduction comes from lower projected spending on Part B services, accounting for \$47 billion of the \$65 billion in total mandatory spending changes**.

	Federal Spending 1997 - 2002 (fiscal years, dollars in billions)		
	January 1997	April 1996	Change
MEDICAID			
Total Spending*	717	803	-86
Benefits	613	691	-78
DSH	69	76	-7
Aggregate spending growth (96-02)	7.7%	9.7%	-2.0%
Growth in per-beneficiary spending (with DSH, 96-02)	6.3%	6.8%	-0.5%
MEDICARE			
Total Spending (Net of Receipts)	1,418	1,475	-57
Part A **	1,001	1,019	-18
Part B **	555	602	-47
Aggregate spending growth (96-02)	9.1%	9.4%	-0.3%
Growth in per-beneficiary spending (gross mandatory, 96-02)	7.3%	7.5%	-0.2%

* Includes administrative costs.

** Part A and B spending sum to the total mandatory outlays before premium receipts are netted. On the January 1997 baseline, this spending is \$1,556 billion, down from \$1,621 billion in the April 1996 baseline.

MEDICARE BASELINE CHANGES AND SAVINGS, FY 1998 - 2002

OMB BASELINE

1996 Baseline	\$1,273 billion	
1996 President's Plan	\$1,186 billion	Savings relative to 1996 baseline: \$87 billion (\$124 billion over 6 years)
1997 Baseline	\$1,245 billion	Change from 1996 baseline: \$28 billion
1997 President's Plan	\$1,145 billion	Savings relative to 1997 baseline: \$100 billion
		Savings relative to 1996 baseline: \$128 billion

CBO BASELINE

1996 Baseline	\$1,280 billion	
1996 President's Plan	\$1,198 billion	Savings relative to 1996 Baseline: \$82 billion (\$116 billion over 6 years)
1996 Republican Plan	\$1,176 billion	Savings relative to 1996 baseline: \$104 billion (\$158 billion over 6 years)
1997 Baseline	\$1,231 billion	Change from 1996 Baseline: \$49 billion
1997 President's Plan	\$1,131 billion	Savings relative to 1997 baseline: \$100 billion*
		Savings relative to 1996 baseline: \$149 billion

* Assuming that CBO scores the President's plan at \$100 billion in savings.

MEDICAID BASELINE CHANGES AND SAVINGS, FY 1998 - 2002

OMB BASELINE

1996 Baseline	\$672 billion	
1996 President's Plan	\$640 billion	Savings relative to 1996 baseline: \$32 billion (\$59 billion over 6 years)
1997 Baseline	\$606 billion	Change from 1996 baseline: \$66 billion
1997 President's Plan	\$584 billion	Savings relative to 1997 baseline: \$22 billion Savings relative to 1996 baseline: \$88 billion

CBO BASELINE

1996 Baseline	\$698 billion	
1996 President's Plan	\$666 billion	Savings relative to 1996 baseline: \$32 billion (\$54 billion over 6 years)
1997 Republican Plan	\$656 billion	Savings relative to 1996 baseline: \$42 billion (\$72 billion over 6 years)
1997 Baseline	\$618 billion	Change from 1996 baseline: \$80 billion
1997 President's Plan	\$596 billion	Savings relative to 1997 baseline: \$22 billion* Savings relative to 1996 baseline: \$102 billion

* Assuming that CBO scores the President's plan at \$22 billion in savings.