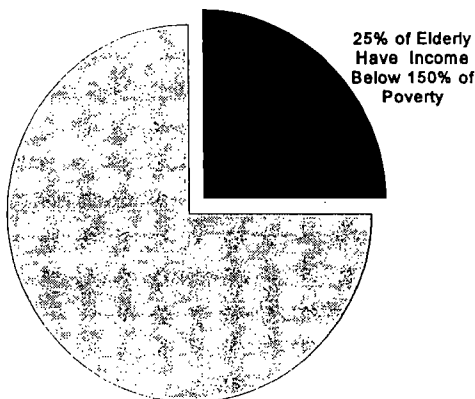


MEDICARE PREMIUMS IN THE BUDGET AGREEMENT

- **Maintains 25% Premium.** The Budget Agreement includes significant structural reform in Medicare. It keeps the Medicare Part B premium at its current level of 25 percent of program costs. This is far below the 31.5 percent premium that the President vetoed in 1995.
- **Premiums Well Below Vetoed Budget.** These premiums are very reasonable and significantly below the vetoed 1995 Republican budget's premiums — around \$20 below per month in 2002 or around \$240 per year.
- **Home Health In Premium.** The Agreement gradually includes home health spending transferred to Medicare Part B in the premium.
 - **Small increase.** The premium only increases by an average of \$1 per month per year over the next several years due to the phase in.
 - **Beneficiaries contribute to Medicare's solvency.** By paying slightly more, beneficiaries help extend the life of the Medicare Trust Fund. Transferring home health to Part B of Medicare, combined with the structural reforms in Part A, extends the life of the Trust Fund for a decade.
- **Low-Income Protections.** Medicaid's premium protection for low-income Medicare beneficiaries is expanded from its current 120 percent to 150 percent of poverty. Over 8 million Medicare beneficiaries have income below 150 percent of poverty.

**One in Four Medicare Beneficiaries
Assisted With Medicare Premiums**



REVISED: May 5, 1997