Points on Medicare Home Health Premium

- **The Part B premium under the balanced budget agreement will be almost $20 per month less than it would have been if it were set at the same 31.5 percent level that the President vetoed**. The monthly premium under the agreement will be about $69 in 2002. If the policy were a 31.5 percent premium instead of 25 percent, this premium would be about $87. In 2002 alone, this would equate to about $215 a year more for a single beneficiary, $430 for a couple.

- **Beneficiaries will pay only about $1.50 more per month per year over the next 5 years as a result of the home health reallocation and phase in**. The Medicare premium will be only about $1 more in 1998 and, by 2002, about $8 more than it would otherwise have been without the home health reallocation. This averages about $1.50 over the 5 years.

- **Low-income beneficiary protections are expanded.** Unlike the 1995 budget plan that eroded current-law low-income protections, the 1997 budget agreement invests about $1.5 billion to expand premium assistance to low-income beneficiaries. We believe that this commitment will help many of the estimated 2.5 million Medicare beneficiaries who have incomes between 125 and 150 percent of poverty — just above the current eligibility level for Medicaid premium protection.

- **Savings from the new premium are offset by investments in beneficiary improvements**. The over $9 billion in savings that comes from gradually including home health in the 25 percent premium is virtually identical to the amount of money dedicated to the investment in new benefits. Specifically, the 1997 balanced budget agreement invests $3-4 billion in new preventive benefits (which will, for example, detect breast and colon cancer, and cover the self-management of diabetes), $4 billion to limit excessive hospital outpatient beneficiary coinsurance, and $1.5 billion in premium protection for low-income Medicare beneficiaries. (This contrasts the vetoed 1995 balanced budget bill that reinvested virtually none of its much greater beneficiary savings for benefit enhancements).

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