16.6
15 = DSH
+ INTERACTION
+ PR
+ DC
16.6
5-7840
BOREN
F&HC

Medicaid
(outlay savings in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	5-Year Savings	10-Year Savings
Medicaid savings	–	-0.3	-2.5	-5.1	-7.1	-9.1	-11.4	-13.7	-16.5	-20.0	-23.8	-24.1	-109.5
Medicaid investments	–	0.0	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.1	3.0
Medicaid, net	–	-0.3	-2.3	-4.8	-6.8	-8.8	-11.1	-13.3	-16.1	-19.6	-23.4	-23.0	-106.5

(Numbers may not add due to rounding)

Description

- Include $24 billion in gross Medicaid savings over five years (net of Part B premium interaction), linked to (but not including the costs of) the children's health and welfare reform proposals
- Gross savings derived from per capita cap and reduced disproportionate share payments (with options to adjust for different approaches to targeting DSH as well as for differential growth rates)
- Gross savings offset by $1.1 billion in additional Medicaid spending in Puerto Rico and the District of Columbia (and other technical changes), for net savings of $23.0 billion (excluding children's health and welfare reform)
- Include provisions to allow States more flexibility in managing Medicaid program, including repeal of Boren Amendment, converting current managed care and home/community-based care waiver process to State Plan Amendment (with appropriate quality standards), and elimination of unnecessary administrative requirements
- The gross Medicaid savings do not reflect the health care investments for children's coverage or the welfare reform adjustments

May 1, 1997

10%

Medicaid
(outlay savings in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	5-Year Savings	10-Year Savings
Medicaid savings	--	-0.3	- 2.0	-3.6	-4.5	-5.2	-6.0	-6.9	-7.8	-8.9	-10.0	-15.6	-55.2
Medicaid offsets	--	0.0	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.1	3.0
Medicaid, net	--	-0.3	-1.8	-3.3	-4.2	-4.9	- 5.7	- 6.5	-7.4	-8.5	-9.6	- 14.5	-52.2

(Numbers may not add due to rounding)

Description

- Include ~~$16.6~~ $14.5 billion in ~~gross~~ Medicaid savings over five years (net of ~~Part B premium interaction, increased spending~~ on D.C. and Puerto Rico, ~~and D.C. savings from vaccine excise tax reduction),~~ linked to (but not including the costs of) the children's health and welfare reform proposals as well as Part B premium interactions

- Gross savings derived from reduced disproportionate share payments and State flexibility and administrative ~~simplification~~ provisions

- ~~Gross savings offset by~~ $1.1 billion ~~in additional~~ Medicaid spending in ~~Puerto Rico and the District of Columbia (and other technical changes), for net savings of~~ $14.5 billion

- Include provisions to allow States more flexibility in managing Medicaid program, including repeal of Boren Amendment, converting current managed care and home/community-based care waiver process to State Plan Amendment (with appropriate quality standards), and elimination of unnecessary administrative requirements

- The gross Medicaid savings ~~do not reflect the health~~ care investments for children's coverage ~~or the welfare reform~~ adjustments

May 2, 1997

Medicare
(outlay savings in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	5-Year Savings	10-Year Savings
Medicare, net	--	-7.3	-15.6	-25.0	-29.9	-37.2	-41.7	-47.0	-54.7	-60.9	-67.6	-115.0	-386.9

(Numbers may not add due to rounding)

Description

- Reduce projected Medicare spending by $115 billion over five years
- Extend the solvency of the Part A Trust Fund to at least 2007 through a combination of savings and structural reforms (including the home health reallocation)
- Limit savings from increased beneficiary contributions to maintaining the Part B premium at 25 percent of program costs and phase in over seven years inclusion in the calculation of the Part B premium the portion of home health expenditures reallocated to Part B, including expanded protections for QMB and SLMB-eligible beneficiaries up to 150% of poverty
- Reform managed care payment methodology to address current Medicare overpayment to HMOs and to address geographic disparity that has limited HMO access in rural areas
- Reform payment methodology by establishing prospective payment for home health providers, skilled nursing facilities, and outpatient departments
- Include policies for competitive pricing for durable medical equipment and laboratory services, and further expand the "Centers of Excellence" program
- Include funding for new health benefits for: (1) expanded mammography coverage and lower cost-sharing for mammograms; (2) coverage for colorectal screenings; (3) coverage for diabetes self-management; and (4) higher payments to providers for preventive injections. Invest $4 billion over five years to limit beneficiary copayments for outpatient services.

- Increase the number of health plan options, including provider sponsored organizations and preferred provider organizations, and provide beneficiaries with comparative information about their options
- Exclude proposals ~~for~~ including: (1) association plans; (2) budget "lookback" mechanisms; and (3) proposals that eliminate or weaken current law balance billing restrictions~~; or (4) medical savings accounts beyond a limited, controlled demonstration program~~.

May 2, 1997

Children's Health
(outlay spending in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	5-Year Savings	10-Year Savings
Children's Health	--	2.9	3.3	3.8	4.3	4.5	4.8	4.9	5.1	5.3	5.6	18.8	44.5

(Numbers may not add due to rounding)

Description

- Spend $18.8 billion over five years (to provide up to 5 million additional children with health insurance coverage by 2002)
- The funding will be divided between --

  (1) Medicaid, including options such as providing 12-months continuous eligibility; and also to retain Medicaid for current disabled children losing SSI because of the new, more strict definition of childhood eligibility; and

  (2) a program of capped mandatory grants to States to finance health insurance coverage for uninsured children

May 2, 1997

DRAFT PRELIMINARY

MEDICARE SAVINGS PACKAGE

Phased-In Home Health Premium
Home Health Transfer
(Trust Fund To 2008)

(Administration staff estimates, CBO Baseline, fiscal years, dollars in billions)

	2002	1998-2002	1998-2007
$100 BILLION PACKAGE SAVINGS (1)	**-34.5**	**-101.0**	**-324.4**
ADDITIONAL $115 BILLION SAVINGS PACKAGE			
BENEFICIARIES			
Eliminate Respite Benefit (2)	-0.9	-3.3	-9.6
Reduce Cost of OPD Coinsurance Buy-Down (3)	-0.1	-3.1	-20.9
Home Health Premium Phased in over 7 Years (2004) (4)	-3.0	-8.0	-32.9
SUBTOTAL	**-4.0**	**-14.4**	**-63.4**
ADDITIONAL POLICIES: SUBTOTAL	**-4.0**	**-14.4**	**-63.4**
POLICIES TOTAL	**-39**	**-115**	**-388**

(1) Base $82 billion savings plus $19 billion from March offer (unofficial CBO scoring); should these savings not be scored, additional provider reductions can be included.

(2) CBO scored

(3) CBO scored alternative that rationalizes policy to slowly (over 15 years) and consistently return copayment to original 20 percent copayment (from House Democratic Budget Committee staff)

(4) Assumes evenly phases in 25% of home health in premium by 2004.

PREMIUMS IN 2002

President's $115 billion with 7-Year Home Health Phase In	**$67.60**
Current Law:	$51.50
President's Base Package 25% Premium	$61.20
25% Premium with Home Health:	$70.10
31.5% Premium without Home Health:	$77.10
Vetoed Premium:	**$88.90**