653-7220

Potential Additional Medicare Savings
(in billions)

Policies for All Three Alternatives

	5-years
Hospitals	
? Value of Capital When Ownership Changes	$0.3
In Fraud + Abuse package	
Oxygen	
Legislation for Oxygen 40% Cut (effective 1/1/98)	$1.7
Premium Offset	-0.4
Net	$1.3
Physicians	
Move Incentives for High Volume from 2000 to 1999	$0.5
Premium Offset	-0.1
Net	$0.4
Change Withhold/Threshold for High Volume 1/	$1.0
Premium Offset	-0.2
Net	$0.8
SNFs	
Require Sec to Eliminate Case Mix Creep	$0.5
Eliminate New Provider Exemptions	$0.4
Remove New Providers from FY 95 Base Rates	$1.1
Update SNF PPS by MB-1, FY 98-02 (From MB-0)	$0.7
Total Additional SNF	$2.7
Hospital OPDs	
More Even Coinsurance Buydown, Slow Reduction Between FY 2000 and FY 2002, Faster but Even Reduction between FY 2003 and FY 2007, Reaching 20% coinsurance in 2007, Increase in Federal budget savings between FY 1998 and FY 2002, lower budget cost between FY 1998 and FY 2007 ($14.2 bil vs.$38.8 bil), Increase hospital hit from $8.2 bil to $13.1 bil FY 1998 to FY 2002, Increase hospital hit from $30.2 bil to $54.6 bil FY 1998 to FY 2007.	$4.9
Subtotal	$10.4

only one, in leg. partial

original 40% now 30%

FY ?

Cly

Argument Efficiency enough in ~~AE~~ GDP Technology

Allows, Not Requires

New providers exempt from limits exclusion No reason for from limits:

Slippage

Is this a given?

Option 5

Not one of the options

? For Page

1/ 10% withhold for limits at 110%, 20% withhold for limits at 120%

Alternative I

Hospitals

PROPAC Freeze Hospitals in FY 1998 (i.e., delta of 2.0 (for CBO) percentage points for FY 1998 above MB-1.0 proposal) what does this mean	$4.1
Reduce IME Faster (6.6% in FY 98, 5.5% beginning in FY 99) (delta)	$2
Reduce PPS Capital Payments by 5%, eff. 10/1/97 (on top of extender) 2/	$2
Payback IME, GME and DSH Add-Ons Actually Removed from AAPCC in 1998 Spent more money in 1998	$1

2.5

Respite

Delay Respite Benefit Until 2001	
Benefit Impact	$2.0
Premium Effect	~~-$0.5~~
Total	$1.5
Subtotal	$10.6
	+ 10.4
Additional Savers	$21.0
Previously priced package	$81.6
Total	$102.6

Respite it can be tightened?

2/ Based on excess inflation in capital payments between inpatient PPS (1983) and capital PPS (1991). The Administration made a similar proposal in the Health Security Act.

If MD certified
3-10 errors
1 ADL or 1 ADL or constant supervision
7.50 an hour by CPI
People

Alternative II

Hospitals	
Update: No change from $81.6 bil package	$0
IME: No change from $81.6 bil package	$0
Reduce PPS Capital Payments by 5%, eff. 10/1/97 (on top of extender) 2/	$2
Payback IME, GME and DSH Add-Ons Actually Removed from AAPCC in 1998	$1
Respite	
Drop Respite Benefit	
Benefit Impact	$3.3
Premium Effect	-$0.8
Total	$2.5
Income Related Premium	
Income Related Premium, HSA Levels HSA Income Thresholds, IRS Administered, 75% Payment at Maximum	$3
Subtotal	$8.5
Subtotal Additional Savers	$18.9
Previously priced package	$81.6
Total	$100.5

keep

2/ Based on excess inflation in capital payments between inpatient PPS (1983) and capital PPS (1991). The Administration made a similar proposal in the Health Security Act.

Alternative III

Hospitals	
PROPAC Freeze Hospitals in FY 1998 (i.e., delta of 2.0 (for CBO) percentage points for FY 1998 above MB-1.0 proposal)	$4.1
IME: No change from $81.6 bil package	$0
Reduce PPS Capital Payments by 5%, eff. 10/1/97 (on top of extender) 2/	$2
Payback IME, GME and DSH Add-Ons Actually Removed from AAPCC in 1998	$1
Respite	
Drop Respite Benefit	
Benefit Impact	$3.3
Premium Effect	-$0.8
Total	$2.5
Income Related Premium	
Income Related Premium, HSA Levels HSA Income Thresholds, IRS Administered, 75% Payment at Maximum	$3
Subtotal	$12.6
Subtotal Additional Savers	$23.0
Previously priced package	$81.6
Total	$104.6

2/ Based on excess inflation in capital payments between inpatient PPS (1983) and capital PPS (1991). The Administration made a similar proposal in the Health Security Act.

This is option II plus a PROPAC freeze