MEDICARE SAVINGS PACKAGE

CBO Baseline: $143 Billion in Savings (Administration staff estimates)

(Fiscal years, Dollars in billions)

	2002	1998-2002
BASE PACKAGE SAVINGS	-26.8	**-81.6**
ADDITIONAL SAVINGS	-3.2	-62.9
CBO SCORING ADJUSTMENTS		-1.0
MANAGED CARE		
Reduce HMO payments from 95 to 90% in 1998		-3.0
HOSPITALS		
Two-year PPS freeze & lower update (MB - 2, FY 00-02)		-10.5
Freeze non-PPS Update in FY 1998 (MB - 1.5)		-0.8
Reduce PPS capital payments by 5%		-2.0
Eliminate depreciation adjustment for hospital sales		-0.3
Reduce IME: 6.6% in FY 1998, 5.5% in FY 1999		-2.0
SUBTOTAL		**-15.6**
PHYSICIANS		
Begin incentives for high-volume reduction in CY 1999		-0.4
Change withholds & thresholds for high volume reduction		-0.8
Lower physician update (GDP-1)		-4.9
SUBTOTAL		**-6.1**
SKILLED NURSING FACILITIES		
Remove new providers from FY 1995 base rates		-1.1
Eliminate new provider exemptions		-0.4
Update SNF PPS by MB - 1 for FY 1996-97		-1.4
Update SNF PPS by MB - 1 for FY 1998-2002		-0.7
SUBTOTAL		**-3.6**
OTHER		
Reduction in oxygen reimbursement (net of premium)		-1.3
Start competitive pricing assurance 1 year earlier		-0.5
SUBTOTAL		**-1.8**
BENEFICIARIES		
Eliminate premium surcharge		-2.9
Remove OPD Coinsurance Buy-Down		-6.9
Blue Dog Income-Related Premium		-6.0
$5 co-pay on home health services		-9.0
Increase Part B deductible to $150 & index to inflation		-7.0
SUBTOTAL		**-31.8**
TOTAL MEDICARE SAVINGS	-30.0	**-144.5**

Bolded, italicized items represent changes from $100 billion package.

4/7/97