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CBO Estimate of President's Budget Plan for Medicaid

(By fiscal year, in billions of dollars)

	2002	1998-2002	1998-2007
MEDICAID BASELINE	**143.8**	**618.4**	**1541.2**
Aggregate Growth		7.8%	8.2%
Per Capita Growth		6.3%	6.7%
PRESIDENT'S FY 1998 BUDGET /1			
SAVINGS			
Per Capita Cap Savings (index average of 5.0%)	-3.9	-8.5	-54.3
Disproportionate Share Hospital (DSH) Savings Pools	-5.6	-16.6	-61.7
Federally Qualified Health Centers	0.2	1.4	1.5
Transition Pool	0.1	1.0	1.0
TOTAL SAVINGS	**-9.2**	**-22.7**	**-113.5**
INVESTMENTS			
Welfare Changes			
Exempt Certain SSI Disabled Aliens	0.7	3.7	6.3
Exempt Alien Disabled from 5-Year Ban	0.8	1.8	12.4
Exempt Alien Kids from 5-Year Ban	0.1	0.4	1.1
Keep Medicaid for Disabled Kids	0.2	1.0	2.5
SUBTOTAL	**1.8**	**6.8**	**22.3**
Children's Health Initiative (Medicaid portion)			
12-Month Continuous Eligibility	1.1	4.9	11.2
Outreach (indirect effect): State Grant Program	0.2	0.8	1.7
SUBTOTAL	**1.3**	**5.7**	**13.0**
Other			
Puerto Rico Increase	0.1	0.3	0.6
Extension of VA Sunset	0.3	1.1	3.0
Working Disabled	0.0	0.0	0.1
Raise DC FMAP to 70%	0.2	0.9	2.3
Eliminate Vaccine Excise Tax	0.0	-0.1	-0.1
SUBTOTAL	**0.6**	**2.3**	**6.0**
Interactions			
Medicare Part B Premium Increase	**0.4**	**0.9**	**6.3**
TOTAL INVESTMENTS	**4.1**	**15.6**	**47.6**
NET MEDICAID SAVINGS	**-5.1**	**-7.0**	**-65.9**
NET MEDICAID SPENDING			
Aggregate Growth (without investments) /2		6.4%	6.8%
Per Capita Growth (without investments) /2		4.9%	5.4%

/1 Reflect the policy in the President's legislative language, released on 3/27/97, informally scored by CBO on March 4, 1997. Index of nominal GDP per capita plus 2% in 1998, 1% in 1999 and subsequent years

/2 The growth rates are for 1997 to 2002 (first column) and 1997 to 2007 (second column)

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POTENTIAL REPUBLICAN MEDICAID & HEALTH INVESTMENTS SAVINGS OPTIONS

(Additional savings on top of current package)

SAVINGS OPTIONS	1998-2002
MEDICAID PER CAPITA CAP	
Increase per capita cap savings (Lower index to nominal GDP + 0% in 1999, which averages 4.3% relative to 5% under the President's budget and private premium growth of 4.7%)	-$8.5 billion
NON-PER CAPITA CAP MEDICAID SAVINGS POLICIES	
Boren Repeal (if there is no per capita cap)	-$1.2 billion
Repeal cost-based reimbursement for Federally qualified health center (FQHC) and rural health clinic (RHC) (if there is no per capita cap)	-$400 million
Eliminate Transition Pool (if there is no per capita cap)	-$1.0 billion
Reduce Pool for Federally qualified health center (FQHC) and rural health clinic (RHC) (if there is no per capita cap)	- $700 million
WELFARE INVESTMENTS	
Eliminate the policy to remove bans on legal aliens' coverage under Medicaid (keep health care welfare fixes for kids: $1.4 billion).	-$5.5 billion
OTHER MEDICAID INVESTMENTS	
Eliminate Puerto Rico increase	-$300 million
Eliminate District of Columbia Federal matching increase	-$900 million
HEALTH INVESTMENTS	
Eliminate $9.8 billion Workers between Jobs Initiative; reinvest about $6 billion in children's health coverage	-$4.0 billion

Note: These policy changes interact with other policies' savings so that the savings listed above are approximations.

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ILLUSTRATIVE MEDICAID AND HEALTH INVESTMENT OPTIONS

(Dollars in billions, FY 1998 - 2002)

	President's Budget	Option 1: Higher Per Capita Cap: PB Invest.	Option 2: No Per Capita Cap: Kids Only Invest.	Option 3: Fewer Welfare Investments: Kids Only Invest.	Option 4: Lower Kids: Kids through State Grant Only	Option 5: Lower Kids: Kids through Medicaid Only
MEDICAID						
SAVINGS						
Per Capita Cap Savings	-8.5	-17.4	0.0	0.0	0.0	0.0
DSH Savings	-16.6	-16.6	-16.6	-16.6	-16.6	-16.6
Pools						
Federally Qualified Health Centers	1.4	1.4	0.7	0.7	0.7	0.7
Transition Pool	1.0	1.0	0.0	0.0	0.0	0.0
Boren Repeal	0.0	0.0	-1.2	-1.2	-1.2	-1.2
FQHC Cost-Based Reimb. Repeal	0.0	0.0	-0.4	-0.4	-0.4	-0.4
TOTAL SAVINGS	**-22.7**	**-31.6**	**-17.5**	**-17.5**	**-17.5**	**-17.5**
INVESTMENTS						
Welfare Changes						
Exempt Certain SSI Disabled Aliens	3.7	3.7	3.7	0.0	0.0	0.0
Exempt Alien Disabled from 5-Yr Ban	1.8	1.8	1.8	0.0	0.0	0.0
Exempt Alien Kids from 5-Year Ban	0.4	0.4	0.4	0.4	0.4	0.4
Keep Medicaid for Disabled Kids	1.0	1.0	0.5	0.5	0.5	0.5
SUBTOTAL	**6.8**	**6.8**	**6.4**	**0.9**	**0.9**	**0.9**
Children's Provisions						
12-Month Continuous Eligibility	4.9	5.0	3.0	3.0	3.0	3.0
Indirect effect of Grant Program	0.8	0.7	2.2	2.2	2.0	0.0
Kids Expansion Option	0.0	0.0	3.0	3.0	0.0	12.0
SUBTOTAL	**5.7**	**5.7**	**8.2**	**8.2**	**5.0**	**15.0**
Other						
Puerto Rico Increase	0.3	0.3	0.0	0.0	0.0	0.0
Extension of VA Sunset	1.1	1.1	1.1	1.1	1.1	1.1
Working Disabled	0.0	0.0	0.0	0.0	0.0	0.0
Raise DC FMAP to 70%	0.9	0.9	0.0	0.0	0.0	0.0
Eliminate Vaccine Excise Tax	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
SUBTOTAL	**2.3**	**2.3**	**1.1**	**1.1**	**1.1**	**1.1**
Interactions						
Medicare Part B Premium Increase	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**
TOTAL INVESTMENTS	**15.6**	**15.7**	**16.6**	**11.1**	**7.9**	**17.9**
NET MEDICAID SAVINGS	**-7.0**	**-15.9**	**-0.9**	**-6.4**	**-9.6**	**0.4**
NONMEDICAID						
INVESTMENTS						
Workers between Jobs	9.8	9.8	0.0	0.0	0.0	0.0
State Grant Program	3.8	3.8	11.0	11.0	10.0	0.0
TOTAL INVESTMENTS	**13.6**	**13.6**	**11.0**	**11.0**	**10.0**	**0.0**
AL (IMPACT ON THE DEFICIT)	**6.6**	**-2.3**	**10.1**	**4.6**	**0.4**	**0.4**
INVESTMENT IN HEALTH COVERAGE	**19.3**	**19.3**	**19.2**	**19.2**	**15.0**	**15.0**

[illegible] CBO scoring; interactions not fully taken into account.

Gray areas indicate changes from the previous column

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NONBUDGETARY MEDICAID POLICIES

POLICY	PRESIDENT'S BUDGET
MANAGED CARE FLEXIBILITY	
Eliminate waivers for managed care (NGA)	✓
Mandatory managed care for Medicare and Medicaid eligibles (dual eligibles) (NGA)	Not acceptable since this is a vulnerable population; wiling to enhance demonstrations
Work with Congress on managed care quality standards (NGA)	✓
PROVIDER PAYMENT FLEXIBILITY	
Repeal of the Boren amendment (NGA)	✓
Repeal cost-based reimbursement for FQHCs / RHCs (NGA)	✓
Medicaid rather than Medicare rates for Medicare cost sharing (NGA)	Administration supports states through courts
BENEFITS FLEXIBILITY	
Study EPSDT (NGA)	Could support
Eliminate waivers for home and community-based care programs (NGA)	✓
Mandatory premium contributions for all beneficiaries (NGA)	Administration opposes
ADMINISTRATION	
Fraud and abuse improvements (NGA)	✓
Revise regulation, auditing and disallowance processes (NGA)	Could support, depending on the details
Repeal preadmission screening process for nursing home residents (NGA)	Oppose; we are strongly in support of nursing home quality standards
Require employers to report employees access to insurance (to prevent dropping) (NGA)	No mandates