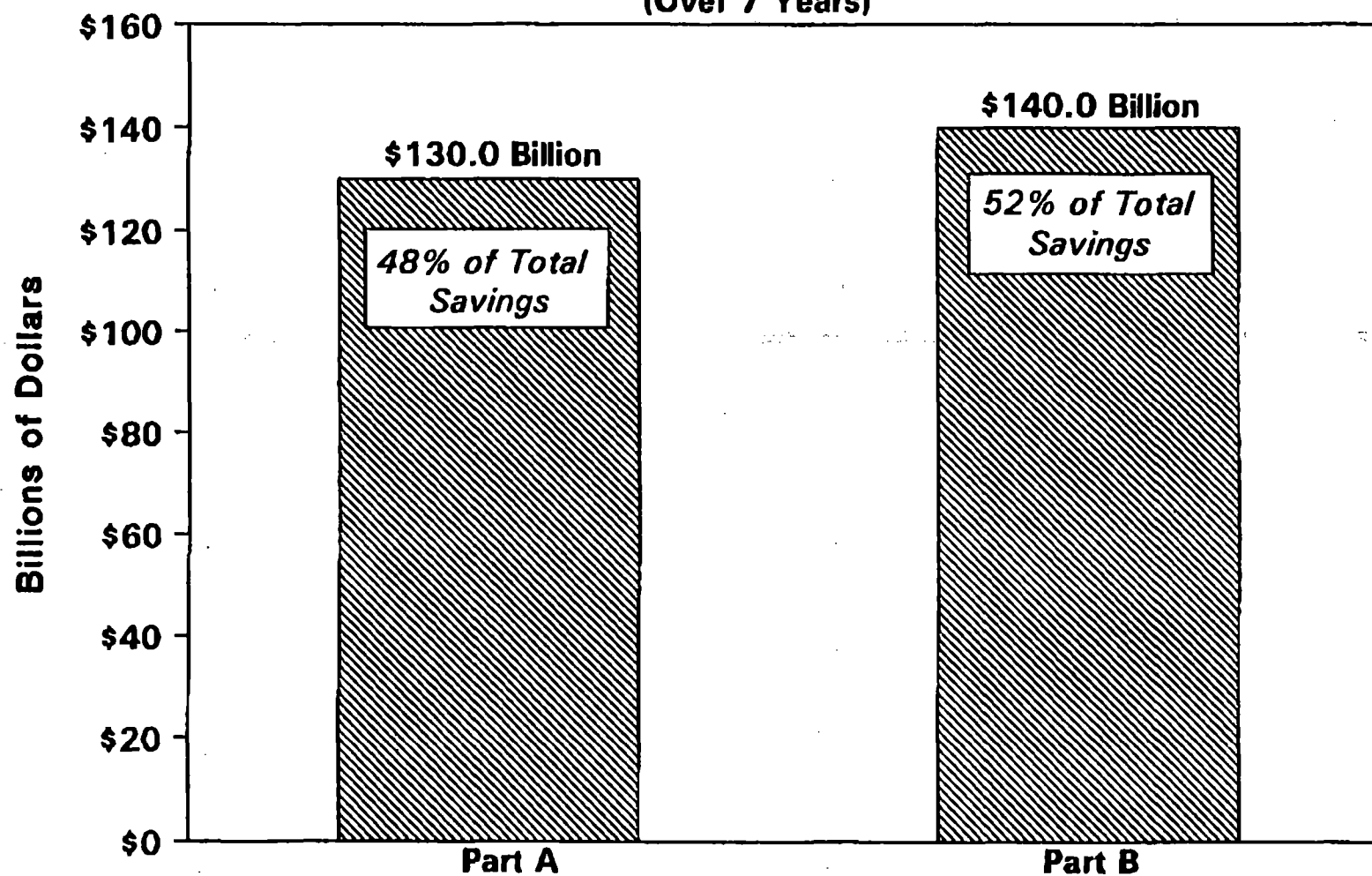


November 16

Allocation of Conference Republican Medicare Cuts Between Parts A & B* (Over 7 Years)



* Distributed managed care, MSP, fraud, and fail safe savings between Parts A and B based on a 60/40 split.

Source: CBO Final Estimates (11/16)

CONFERENCE REPUBLICAN MEDICARE SAVINGS (H.R. 2491)

(Final CBO Estimates in Billions of Dollars)

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7-Year Total

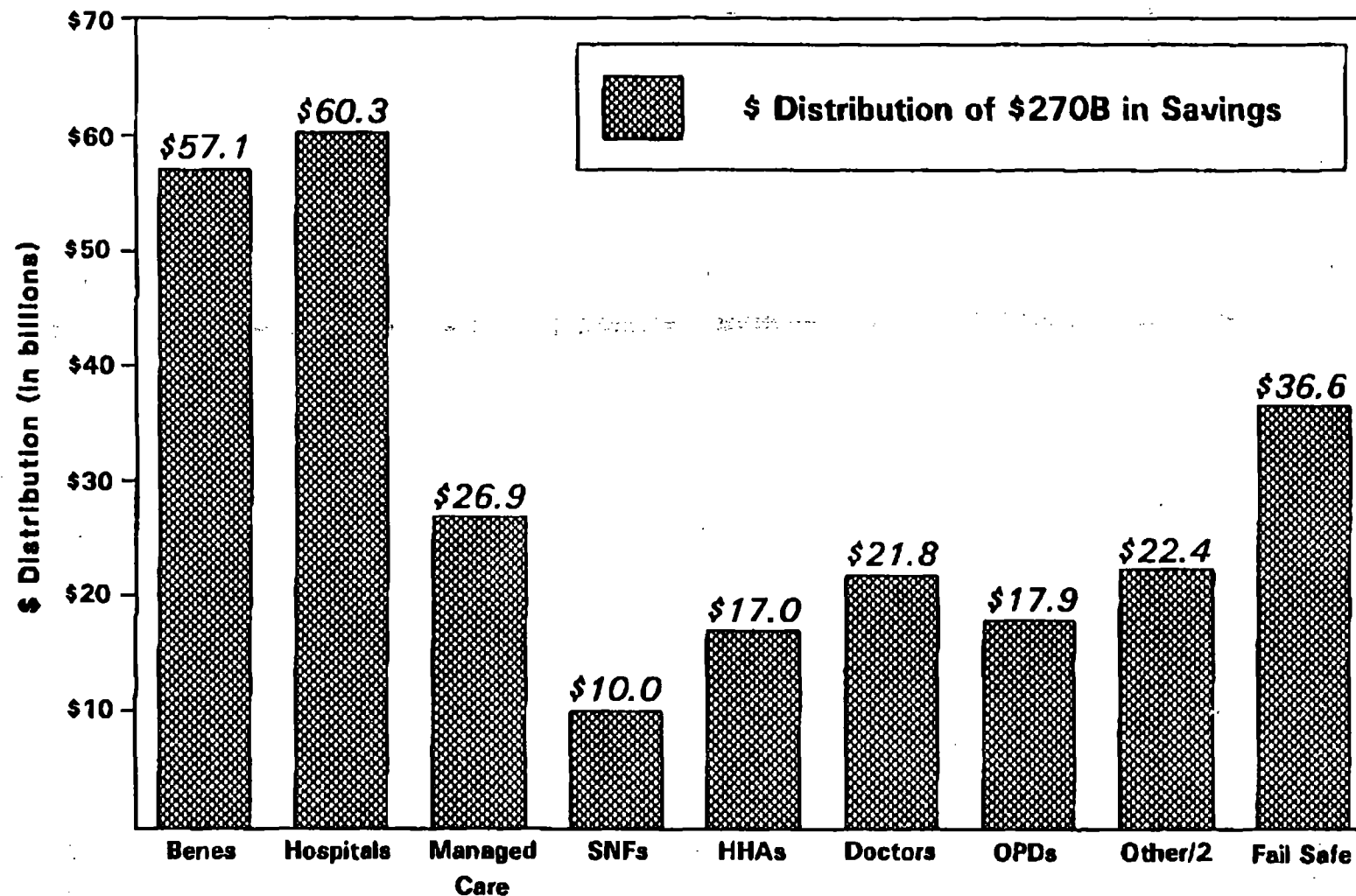
Proposal	1996	1997	1998	1999	2000	2001	2002	1996-2002
PART A								
Hospitals								
Reduce Hospital PPS Update (MB-2.5% 1996, MB-2% 1997-2002)	-0.2	-1.1	-2.4	-3.8	-5.4	-7.2	-9.0	-29.1
Reduce PPS-Exempt Update	0.0	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-2.0
Targets for Rehabilitation and LTC Hospitals	0.0	-0.1	-0.2	-0.4	-0.5	-0.7	-0.7	-2.7
LTC Hospitals Within Other Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Reduce PPS-Exempt Capital Rates by 10%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.9
Phase-Down DSH Payments to 30%	-0.1	-0.3	-0.6	-0.9	-1.1	-1.2	-1.2	-5.4
Reduce PPS Capital Rates by 15%	-1.0	-1.2	-1.3	-1.3	-1.4	-1.4	-1.5	-9.0
Rebase PPS Capital Payment Rates	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-2.7
Phase-Down Hospital Bad Debt Payments to 50%	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Reduce IME Payments	-0.4	-0.8	-0.8	-1.1	-1.3	-1.5	-1.7	-7.6
Reduce Direct Medical Education	0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4	-1.4
Preferential Update for Certain MDH Hospitals	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.6
MDH Payment Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Critical Access Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3
Establish REACH Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Rural Referral Centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Subtotal: Hospitals	-2.2	-4.2	-6.2	-8.5	-11.0	-13.5	-15.7	-60.3
Skilled Nursing Facilities/Hospice								
SNF Payment Reforms	-0.2	-0.8	-1.1	-1.6	-1.9	-2.2	-2.4	-10.0
Reduce Hospice Payments	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
Subtotal: SNFs/Hospice	-0.2	-0.8	-1.2	-1.7	-2.0	-2.3	-2.5	-10.5
TOTAL PART A	-2.4	-4.8	-7.1	-10.0	-12.8	-15.7	-18.2	-70.8
PART B								
Physicians								
Reduce Physician Payments	-0.4	-1.3	-2.4	-3.2	-4.1	-5.1	-6.2	-22.8
Direct Payment for Physician Assistants and Nurse Practitioners	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3
Payment to Primary Care Physicians in Shortage Areas	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Subtotal: Physicians	-0.4	-1.2	-2.3	-3.1	-3.9	-4.9	-6.0	-21.8
Outpatient Departments								
Reduce Formula-Driven Overpayment	-0.9	-1.2	-1.5	-2.0	-2.5	-3.3	-4.5	-15.9
Extend Outpatient Capital Reduction	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.6
Extend 5.8% Outpatient Payment Reduction	0.0	0.0	0.0	-0.3	-0.3	-0.4	-0.4	-1.4
Subtotal: OPDs	-0.9	-1.2	-1.5	-2.4	-2.9	-3.9	-5.1	-17.9
Other Providers								
Reduce DME Update/Reduce Oxygen Payments	-0.1	-0.3	-0.4	-0.6	-0.7	-0.9	-1.1	-4.1
Reduce Clinical Lab Update/Lower Ceiling to 65% of Median	-0.1	-0.4	-0.7	-0.9	-1.1	-1.3	-1.6	-6.0
Freeze Ambulatory Surgical Center Updates	0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-1.3
Limit Payments for Ambulance Services	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.8
Subtotal: Other Providers	-0.2	-0.8	-1.3	-1.8	-2.1	-2.7	-3.4	-12.2
Beneficiaries								
Increase Premium to 31.5% of Program Costs	-3.3	-4.3	-4.1	-5.2	-7.9	-10.4	-12.3	-48.6
Income-Relate Part B Premium	0.0	-0.4	-0.9	-1.3	-1.7	-2.0	-2.3	-8.5
Subtotal: Beneficiaries	-3.3	-4.7	-5.0	-6.5	-9.6	-12.4	-15.8	-57.1
TOTAL PART B	-4.7	-7.7	-8.9	-13.7	-18.7	-24.0	-30.3	-109.1
PARTS A & B								
Medicare Secondary Payer	0.0	0.0	0.0	-1.3	-1.6	-1.7	-1.9	-6.5
Home Health Prospective Payment	0.0	-1.3	-2.3	-2.7	-3.1	-3.6	-4.0	-17.0
Coverage of Oral Breast Cancer Drug	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
TOTAL PARTS A & B	0.1	-1.3	-2.3	-4.1	-4.7	-5.3	-6.0	-23.5
OTHER								
Medicare Plus (Managed Care Reforms)	-0.1	-0.5	-1.2	-2.6	-5.0	-7.3	-10.2	-26.9
Anti-Fraud and Abuse Initiatives	0.3	-0.2	-0.6	-0.8	-0.8	-0.7	-0.7	-3.6
Physician Ownership & Referral	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
Fail Safe (Net of Premiums)	0.0	0.0	-6.2	-10.8	-7.1	-7.0	-5.6	-36.8
OTHER	0.2	-0.7	-8.0	-14.2	-12.9	-14.9	-16.4	-68.7
TOTAL MEDICARE SAVINGS (without Fail Safe)	-6.8	-14.3	-21.1	-31.2	-42.0	-52.8	-65.3	-233.5
TOTAL MEDICARE SAVINGS (with Fail Safe)	-6.8	-14.3	-27.2	-42.0	-49.0	-59.8	-70.9	-270.0

Notes - Totals may not add due to rounding/does not include proposals with no cost impact

- Estimates assume November 15, 1995 enactment date

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CONFERENCE REPUBLICAN MEDICARE CUTS BY CATEGORY /1 (Over 7 Years)



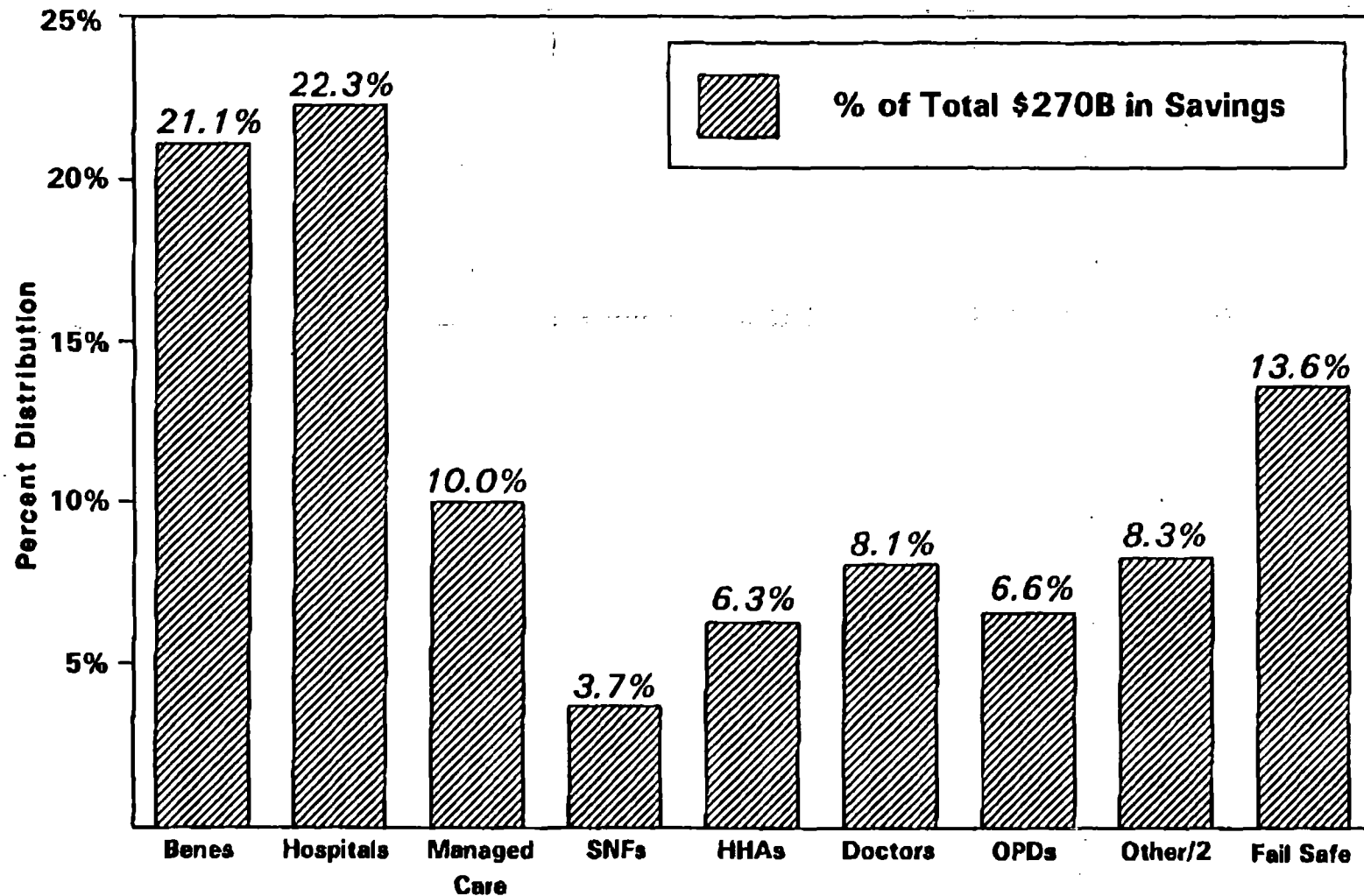
/1 Does NOT distribute fail safe among providers

/2 Includes hospice, fraud, MSP, and other Part B savings

Source: CBO Final Estimates (11/16)

November 16

CONFERENCE REPUBLICAN MEDICARE CUTS BY CATEGORY /1 (Over 7 Years)



/1 Does NOT distribute fail safe among providers

/2 Includes hospice, fraud, MSP, and other Part D savings

Source: CBO Final Estimates (11/16)

Conference Republican Medicare Savings: Part A vs Part B

H.R. 2491

Year-by-Year Savings in Billions of Dollars

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	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>7-Year Total</u>
<u>PART A</u>								
Detailed Savings	-2	-5	-7	-10	-13	-16	-18	-71
Home Health (90%)	0	-1	-2	-2	-3	-3	-4	-15
Managed Care (60%)	-0	-0	-1	-2	-3	-4	-6	-16
Fraud/Phys Referral (60%)	0	-0	-0	-0	-0	-0	-0	-2
Fail Safe (60%)	0	0	-4	-6	-4	-4	-3	-22
MSP (60%)	0	0	0	-1	-1	-1	-1	-4
TOTAL PART A	-2	-6	-14	-22	-24	-29	-33	-130
<u>PART B</u>								
Detailed Savings	-5	-8	-10	-14	-19	-24	-30	-109
Home Health (10%)	0	-0	-0	-0	-0	-0	-0	-2
Managed Care (40%)	-0	-0	-0	-1	-2	-3	-4	-11
Fraud/Phys Referral(40%)	0	-0	-0	-0	-0	-0	-0	-1
Fail Safe (40%)	0	0	-2	-4	-3	-3	-2	-15
MSP (40%)	0	0	0	-1	-1	-1	-1	-3
TOTAL PART B	-5	-8	-13	-20	-25	-31	-38	-140
TOTAL MEDICARE SAVINGS*	-7	-14	-27	-42	-49	-60	-71	-270

* Totals may not add due to rounding

Source: CBO Final Estimates (11/16)

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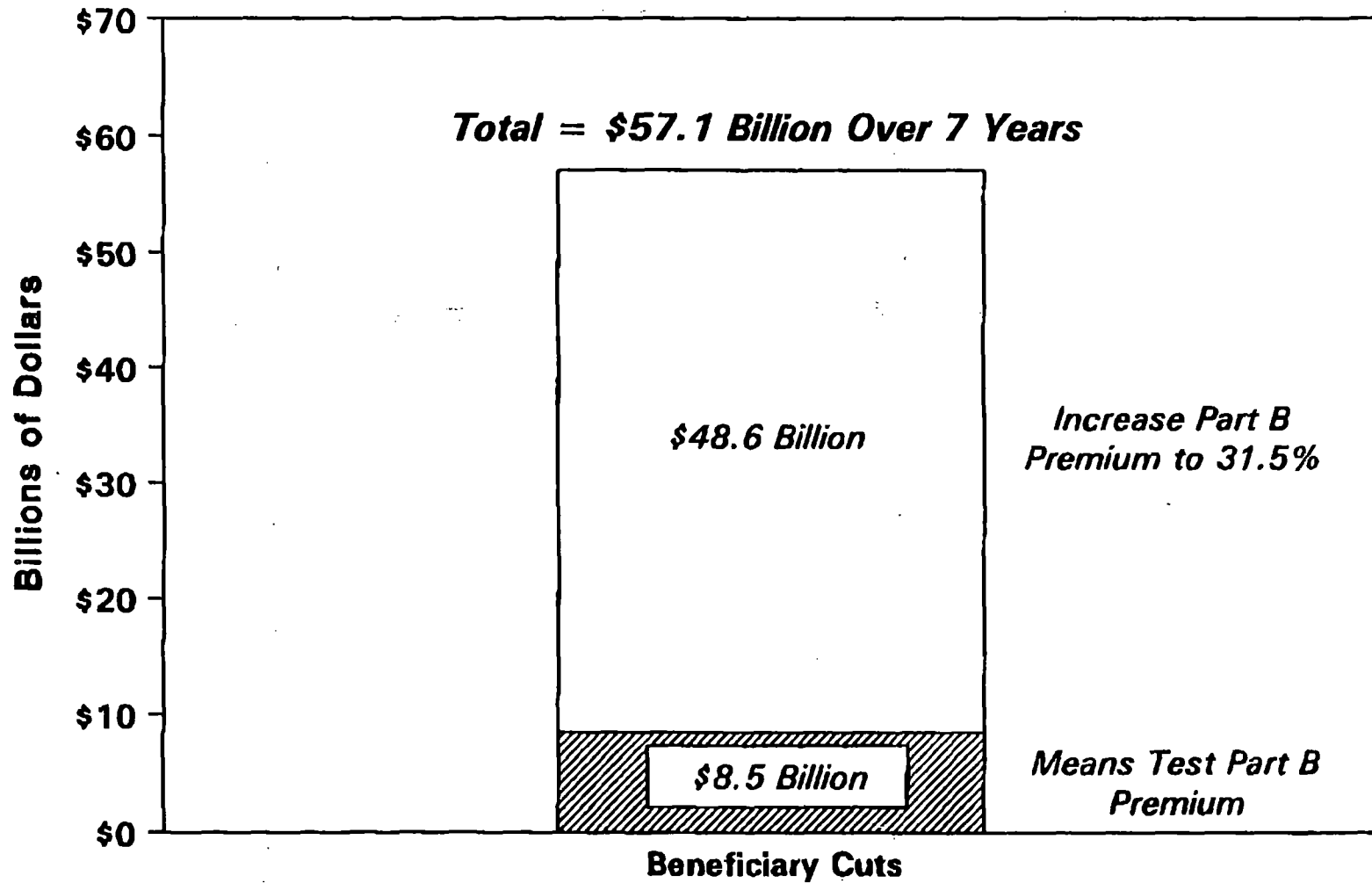
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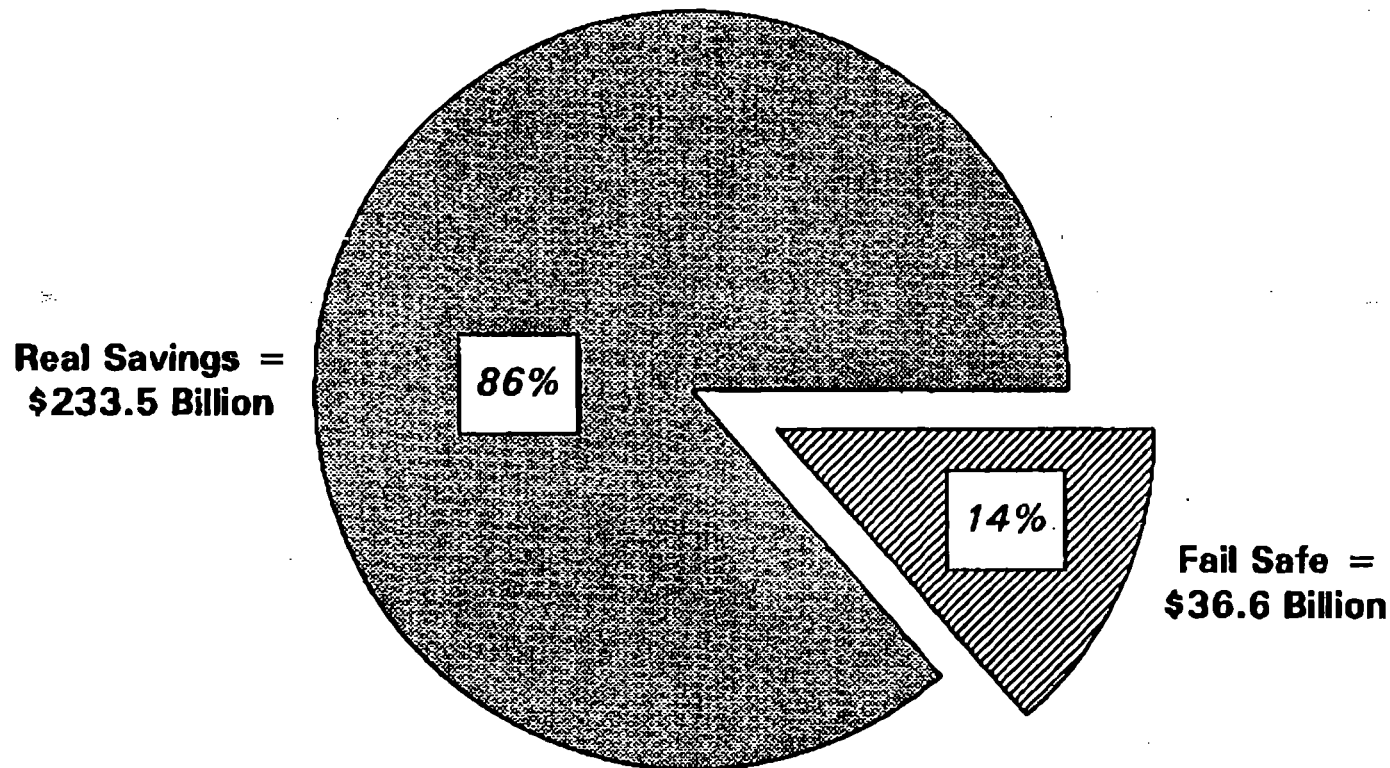
Total Out-of-Pocket Beneficiary Cuts in the Conference Republican Medicare Package (H.R. 2491)



Source: CBO Final Estimates (11/16)

November 16

Conference Republican Medicare Savings Fall Short: Relies on Fail Safe Mechanism to Fill the Gap



Source: CBO Final Estimates of H.R. 2491 (11/16)