4

11/15/95

MEDICARE AND MEDICAID

I. What are potential outcomes of reconciliation process?

Overview

A. Negotiated settlement that includes Medicare and Medicaid - 7-10 year plan

B. No agreement on Medicare and/or Medicaid -- continuing resolution, extend debt ceiling, make it a November election issue

C. Short-term agreement on budget plan - adopt savings to reach initial 2-3 years of the savings targets, start on "glide-path" - delay rest until after November elections?

Considerations

A. Assume that Administration is headed for A - negotiated settlement - and that we need to prepare for that.

B. Assume that we turn to B/C only if negotiations fall apart.

C. Other decisions will be very important in determining the level of savings required for Medicare and Medicaid

1. 7 v. 10 years glidepath
2. CBO v. OMB baseline
3. Size of tax cut
4. CPI adjustments - in or out

II. How position DHHS/Administration for negotiations?

A. Try to position the debate on a spectrum between current law and Republican plan - with President in middle.

That is preferable to a debate in which President's plan is the initial boundary for negotiation (we probably can't accomplish this very realistically, but it would help if we could articulate our arguments this way).

Coalition
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-82

B. Spectrum plays out as follows:

1. Overall budget numbers -- spectrum is between no reductions, and $440 billion - with President at $180 -- rather than choice between $180 and $440.

2. Policy -- spectrum -- current law v. Republican plan - again, with President in pragmatic middle.

III. What are our "stakes in the ground" - and our political rationale?

Clearly articulate our "stakes in the ground" -- to shape negotiations, provide political description of settlement -- or defensible rationale if we are unable to reach a settlement.

A. Medicare -

1. No statutory cap — took back — what does this mean?
2. Lower savings; moderate reductions ($160 billion-$170 billion); sustain Part A Trust Fund for 10 years
3. Protect beneficiary from premium increase above 25 percent level (recognizing that we have 25 percent and may have to accept upper income premium)
4. Don't turn program over to untested insurance schemes - phase in pragmatic changes as we update program (i.e., avoid FFS insurers, MSAs)

B. Medicaid -

1. Maintain financial partnership with states through per capita cap
   a. No block grant;
   b. Limit cut
2. Retain entitlement: eligibility, services — mandatory
3. Allow states more flexibility in implementing

C. Issue: relative importance of other initiatives (insurance reform, health care for unemployed/uninsured, etc.); Medicaid, Medicare should be highest priority.

Medicare - commitment to a defined set of benefits. Absolute cap minimizes that argument.

I'd recommend that we try to get demos of some of the things — like MSAs — if we have to accept

AMA balanced billing/low price indemnity

private fee-for-service plan

IV. Medicare and Medicaid - overview

A. Budget overview

7 year cuts	Total	Medicare	Medicaid
Current law	$ 0	$ 0	$ 0
Congress	$ 440	$ 270	$ 170
President	$ 178	$124	$ 54
"End"	$225-$235	$160-$170	$ 65

B. See attached for Medicare and Medicaid policy issues

MEDICARE

MEDICARE	Congress	President	Potential "end game"	Oppose
Overall target	$270	$124	Can we reach $160-$170?	$270
Cap	Statutory "hard" cap, lookback	No cap	Can we adopt "soft" target, lookback?	Hard cap
Health plan structure	Participation of full array of private insurance options -- managed care, delivery systems, FFS insurers, MSAs Allow FFS insurers, MSAs No Medigap changes	Allow plans that meet standards -- generally would allow managed care, delivery system options -- while not including FFS plans. No MSAs Link Medicare health plan, Medigap markets, through changes in Medigap rules	Maintain position - try to maintain standards that would screen out FFS indemnity plans. Phase-in Medigap linkage more slowly - or drop if necessary	Multiple standards No FFS/indemnity No MSAs

MEDICARE	Congress	President	Potential "end game"	Oppose
Savers	Specific list of savers, plus lookback Beneficiary impact $54-$67 billion	Specific list of savers Beneficiary impact $16 billion (25% premium)	Can we reach $160-$170 (some combination of following likely) 1) further reductions in provider payments update factors; 2) beneficiary increases: - premium for higher income beneficiaries; 3) reductions for AHCs	Oppose specific savers. 1) Higher income premium set at more than 50% of actuarial value (selection issue) 2) Premium of more than 25 percent

MEDICAID

MEDICAID	Congress	President	Potential "end game"	Oppose
Overall target	$170 billion	$54 billion	Depends on baseline $65 billion maximum	Deeper cuts
Structure	Block grant Repeal title XIX, replace with new title	Per capita cap; retain entitlement Amend title XIX	Continued federal entitlement, with per capita cap; Amend title XIX Consider % reduction in federal matching in early years to gain savings and lead to per capita cap	Block grant; no entitlement Repeal and replace title XIX
Eligibility	House - no entitlements Senate - limited - pregnant women, children, disabled, income below FPL	Current law eligibility; mandatory and optional	Entitlement for coverage of certain groups w/income below ___ % of poverty pregnant women infants, children disabled elderly	No entitlement
Services	No mandatory services	Retain currently mandatory services	Shorten list of currently mandatory services to core list	No benefit minimums

MEDICAID	Congress	President	Potential "end game"	Oppose
Flexibility	Virtually unlimited	New flexibility in managed care without waivers (with choice), eligibility, payment, services, and administration Revise Boren for nursing homes; repeal for hospitals	Flexibility in managed care - likely have to accept mandatory managed care without choice of plans (if there is choice of providers) More flexibility administrative provisions, services	
DSH	Within cap	Separate 33 percent DSH cut; provide some targeting of payments for hospitals/FQHCs	DSH - whatever reductions, redistributions politically acceptable	

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Major Health Care Issues For Which We Seek Consideration/Guidance

Medicare

- **Medicare baseline.** Although any list of savings proposals is likely to score almost the same on both CBO and OMB baselines, the CBO baseline projects about $70 billion more in spending over 7 years. Since it is obviously much more difficult to balance the budget off the CBO baseline, how hard do we push for the OMB baseline?

- **Total Medicare cuts.** Regardless of the baseline, is there a number that we will oppose going over?

- **Allocation/Ratio of Medicare beneficiary/provider-specific cuts.** Are there specific Medicare cut ratios that we should aim for? Are there some beneficiary cuts we will/won't consider (e.g., **income related premiums, increases in Part B premium above 25% of total expenditures, Part B deductible, etc.**)? Are we concerned about particular providers over others (hospitals, academic health centers, home health care, etc.)?

- **Medicare program budget caps.** What is our position? If we do not absolutely oppose (and/or are forced there) are there alternatives worth considering if we need to move in this area (e.g. budget alternatives that guarantee savings such as failsafe mechanisms, caps only if linked to private sector growth -- or some other -- rates)?

  -- **Failsafe mechanisms.** Do we adamantly oppose failsafe mechanisms, or do we consider using them as a device IF CBO baseline scoring is used? (We might do this as a means of maintaining that our baseline is correct -- suggesting that the cuts off the CBO baseline will not be necessary.)

- **Trust Fund transfers.** Do we oppose transferring Part A expenditures (like some home health care payments) into the Part B program in order to enable us to achieve a later Part A Trust Fund exhaustion date and/or to reduce traditional cuts from Part A? Do we oppose transferring general revenue savings from the Part B program into the Part A HI Trust Fund?

- **Balance billing.** Do we insist on balance billing protections be applied to all health plans?

- **Extension of state and local Medicare HI tax to all state and local government workers.** Although this could create political problems for us if we ended up supporting, this financing proposal was included in the HSA and has policy rationale. Outside the context of broader reform, what is our position at this time?

- **Risk of Segmentation of the Medicare insurance pool -- MSAs, Fee-for-Service plans, and Association plans.** Since we oppose the widespread and untested use of MSAs, particularly for the Medicare population, how do we position ourselves on this defining, philosophical concept with Republicans? Do we adamantly oppose and/or do we actively push for compromises -- like other limited uses, such as demonstrations?

- **Provider Service Networks.** We believe these can only work with adequate standards in place; if we don't get them, can we go to the mat on this issue?

- **Geographical variation in Medicare reimbursement to HMOs.** The Hill is shifting HMO reimbursement from the urban plans to rural communities trying to set up managed care plans. One consequence of going too quickly here may be for beneficiaries in urban areas (like L.A.) to start losing benefits. Should we let the now generally rural-biased Congressional process take the lead, or do we intercede at all?

- **Repeal of clinical laboratory quality regulations (CLIA) for physician office labs and the provision of more lenient anti-kickback and self-referral fraud and abuse provisions.** Under normal reconciliation circumstances, the Executive Branch would do little else other than to give a general sense of direction on these types of issues. However, the CLIA and fraud and abuse issues are high profile provisions. Do we adamantly oppose and insist on reinstatement with some minor changes? Or, is this left to the Dems in Congress to push?

- **President's Medicare expansions/improvements.** How hard do we push for the President's restructuring, mammography, respite care, and long-term care ideas?

Medicaid

- **Medicaid baseline.** The CBO baseline projects about $64 billion more in Medicaid spending over 7 years than does OMB. Achieving savings through a per capita cap is actually easier off of the CBO baseline. What baseline do we push?

- **Total Medicaid cuts.** Understanding that too large a Medicaid cut number leads almost inevitably to a block grant, is there a number that we will not go over?

- **The entitlement and guarantee of coverage.** Our base supporters believe that the Medicaid entitlement debate is a defining issue for the Administration. Do we draw the line against the Republican block grant approach? If so, when and how do we draw it? Do we preserve guarantee for all current covered populations or do we leave room open for protecting only certain populations? Do we preserve a real, defined benefit? Do we preserve individual's right of action to ensure they receive benefits?

- **The benefit package.** If we maintain the guarantee that all (or some) populations are covered, do we guarantee that they keep what they have in terms of mandated benefits? Are we open to negotiating with the states in downsizing the benefit? If so, is there anything off the table? The states would like to (1) rid themselves of what they believe to be the overly burdensome EPSDT and QMB requirements, (2) be permitted to limit their Medicaid package to the state's minimum private insurance package, and (3) to be able to define their own Medicaid package, as long as they have a public hearings on its development. Are we open to this line of negotiation?

- **State flexibility.** If the block grant approach does not prevail, program administration flexibility for the states will be a, if not the, primary Medicaid issue. We have a number of flexibility provisions in our Medicaid reform package that should be well received by the Governors. However, beyond the benefit flexibility issue raised above, there are other controversial issues, including:

  (1) **Repealing/restructuring the Boren amendment**, which requires states to provide for fair and reasonable reimbursement to health care providers. This provision was designed to serve as a proxy for quality and Governors hate it. Providers, including some of our supporters, think it is the only way to ensure appropriate reimbursement and acceptable quality. A compromise might be impossible.

  (2) **Repealing the requirement that States contract out with public hospitals and reimburse community health centers/rural health clinics at cost.** The question is not whether this provision will be repealed -- it will be; the question is whether we support any set aside for these health care providers?

- **The inevitable Medicaid formula fight.** Do we care about how and to whom the dollars are allocated? Or, are we simply shopping for a majority of votes in both House of Congress?

- **DSH Cuts/Payments.** How much savings should come from DSH? -- and from whom? The administration's starting point is a flat 33% reduction. Should more come from high DSH states? Given funds be targeted to high DSH facilities?

- **Waiver states.** Do we give any special assistance to states that have received waivers?

- **Nursing home standards and spousal impoverishment.** The conferees will likely come out with something in these two areas that are still problematic. The question is how much can/should we push?

- **Qualified Medicare beneficiary program.** Low income elderly protections for copayments and deductibles have already been dropped. The conferees will produce a requirement on the states to pay premiums for low income beneficiaries that will be equivalent to 44 percent of what they would pay under current law by the year 2002. The question is -- knowing how much the Governors hate this mandate -- how hard do we push on this issue?

- **Abortion.** The Republicans permanently codify the Hyde provision, which prohibits the use of Federal funds for abortion except in the case of rape, incest and when the mother's life is in danger. This provision was struck in the Senate due to its violation of the Byrd rule. Do we take a position?

- **Vaccines program.** Although the Republicans do have a requirement that states cover vaccines for the Medicaid population, it repeals the Vaccines for Children program (and its expanded coverage and purchasing vehicle.) How far are we willing to defend this program? Are we willing to make compromises and, if so, what are they?

- **President's Medicaid reforms.** How far can we go to insist on the President's per capita cap, DSH cuts, and flexibility provisions?

Other Outstanding Health Issues

- **President's health care reform initiative.** The Administration may want to consider pushing some of the President's reforms very hard as a prid pro quo for agreeing to a very tough balanced budget initiative. Issues in addition to those outlined above in the Medicare and Medicaid section to consider include: Insurance reforms, voluntary purchasing cooperatives, insurance portability enhancements like financial assistance for the temporary unemployed, administrative simplification, enhancement of the self-employed tax credit, etc. Perceived victories on this front could help round out a very successful first term for the President.

- **Anti-Trust provisions.** The Congressional Majority has anti-trust provisions that are strongly opposed by the FTC, the Justice Department and the Council of Economic Advisors. Do we take a strong position as well, assuming these provisions make it to the President's desk?

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11/20/95

PRIORITIES FOR RECONCILIATION BILLS

MEDICARE

1) Caps Overall Medicare Spending at Arbitrary Levels

- Cap on total Medicare spending (sec. 8631). Arbitrary cap tied to budget targets, not health care costs; designed to underfund Medicare.

- Failsafe and Individual sectoral caps (in failsafe mechanism) (sec. 8631)

2) Does not maintain the current benefit package and keep it affordable

- Voucher/defined contribution: Medicare pays MedicarePlus plans a pre-set amount, unrelated to the cost of health care. If the amount exceeds health care cost, a MedicarePlus plan may rebate 75 percent of the difference to the enrollee. However, if the amount is insufficient to cover the cost of health care -- a more likely occurrence because the Agreement does not permit Medicare spending to grow as fast as private sector health care costs -- beneficiaries can be charged more through balance billing and other means.

  As a result, the Conference Agreement would break for the first time the guarantee that beneficiaries would have access to the Medicare benefit package. Vouchers will shift costs to the beneficiaries over time, because they provide only partial payment to cover Medicare services.

3) The Cuts are Too High and Will have an Adverse Impact on Beneficiaries and Providers

Beneficiaries:

- The increase in the Part B premium to cover 31.5 percent of program costs (sec. 8511).

- Administration of income-related Part B premium through HCFA rather than IRS (sec. 8512)

- Extra-billing would be permitted in some health plans:
  - Out-of-plan for authorized non-emergency services
  - In private fee-for-service and high deductible plans

- Current limits on premiums charged for supplemental benefits are not applied to MedicarePlus plans.

- Elimination of formula driven overpayment (FIDO) without addressing beneficiary coinsurance problem or prospective payment system for outpatient department services.

Providers

- Magnitude of cuts on providers, coupled with look-back reductions, will have severe effects on access to care. Providers will have strong incentives to leave traditional Medicare and move to MedicarePlus plans that permit them to make up the effect of the cuts by charging more to beneficiaries.

- Skilled nursing facility PPS on per episode basis; ancillary limits (sec. 8410; 8412) -- incentives for underservice; per episode methodology problematic

- Home health payment reform (sec. 8601) -- time frame impossible; episode cap; 120 day limit provides incentive for underservice; frequent recertification burdensome.

- Elimination of formula driven overpayment (FIDO) without addressing beneficiary coinsurance problem or prospective payment system for outpatient department services.

- Long-term care units within acute hospitals added to definition of excluded units (H 15505) -- expands definition of excluded units, has potential to significantly increase spending

3) The bill threatens beneficiaries' choices of health care options, particularly the viability of fee-for-service Medicare.

- Uneven rules: In general, beneficiaries have less protection under MedicarePlus than under traditional Medicare. Also, in general, provider and plans have more opportunities to escape budget cuts by shifting costs onto beneficiaries under MedicarePlus that under traditional Medicare. Over time, this will lead Medicare to "wither on the vine."

- Medical savings accounts, given risk selection problems, are likely to damage traditional Medicare by destoying risk pool.

- Private fee-for service plans are an even greater threat to the future of Medicare than MSAs, because they create a further opportunity for risk selection and a situation in which all the physicians in an area will have a powerful incentive to pull out of traditional Medicare and only accept plans that permit them to extra bill.

- Lock-in: Once beneficiaries sign up for a MedicarePlus plan, they are locked in for one year. (A special 90-day trial period is allowed for people making their first MedicarePlus plan election, but never again after the first election.) By contrast, under current law, beneficiaries may disenroll from Medicare managed care plans at any time if they are

dissatisfied.

- o Restricted access to Medigap if a beneficiary drops out of MedicarePlus plan.

- o In short, MedicarePlus only provides choice to beneficiaries who can afford to bear some of the extra rist from extra billing and extra premiums.

- o Favored anti-trust status for PSNs raises concerns about collusion to the disadvantage of consumers.

- o The requirement to split HCFA in two is inadvisable when the agency will have major responsibility for launching new products quickly. It would create a separate bureaucratic entity, with the possibility of duplicate functions and coordination of benefits problems (appeals processes, coverage, quality oversight/standards, data). Separation could be particularly confusing for beneficiaries who go from MedicarePlus to traditional Medicare and back again.

4) Weakens Fraud and Abuse

- o Gutting of physician ownership referral.

- o Weakening requirements for sanctions for false claims.

- o Exception for anti-kickback penalties for managed care.

5) Undermines Quality of Care

- o No quality standards for the private fee-for-service plans.

- o Coverage of items & services associated with investigational devices -- broader than new HHS policy.

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PRIORITIES IN RECONCILIATION BILLS

MEDICAID

1) **The bill eliminates the entitlement that guarantees coverage for low-income vulnerable individuals.**

- No Entitlement - No protection for current beneficiaries, including pregnant women, children, senior citizens and persons with disabilities.

o Ends middle-class safety net for long-term care

- State MOE (set-asides) insufficient to provide current services for current eligibles within each designated group -- States would only need to spend less than half of their current Medicaid spending to meet these set-aside requirements.

- Lack of sufficient support to pay cost sharing for qualified Medicare beneficiaries.

2) **Limits on Federal payments to States are too severe.**

- Budget cut of $163 billion over 7 years destroys the critical safety net for the nation's low-income mothers and children, elderly and individuals with disabilities. This level of funding would force States to drop coverage for millions of people, thus increasing the number of uninsured, the amount of uncompensated care, and the amount of cost shifting.

- Formula:
  - spending cap is not population based
  - some States limited to 2 percent growth -- less than enrollment growth or inflation
  - out-year/future State growth rates are particularly problematic, creating a severe long-term problem
  - fixed block grant forces states to raise taxes or cut coverage and services.
  - States will be hurt during recession

o State spending for 1115 waivers is not protected.

o Eliminates state access to federal discounts for vaccine purchased for other public health needs.

3) **Eliminates a comparable national benefit package and increases the liability of beneficiaries and their families.**

- Beneficiaries would no longer be guaranteed coverage of any basic health services other than immunizations and family planning.

- No state comparability nor statewideness requirements. These guarantee a basic benefit statewide or nationwide.

- The proposed "mandated" coverage of pregnant women and young children is meaningless without a basic benefit package.

- Beneficiaries could incur substantial out-of-pocket costs -- the cost sharing requirements for beneficiaries may deter eligible individuals from applying for enrollment or seeking necessary services.

- States would set eligibility standards including how much income or assets such as homes or farms the individual can retain and still be eligible for any benefits under the Republican Medicaid plan. A certain level of income and assets, including the home and farm, are now protected under current law.

- States would be able to place liens on family homes, farms, or other property to pay for medical care assistance under the Republican Medicaid proposal.

- Family financial liability -- the bill only protects adult children of "moderate means" with elderly parents. There are no protections for adult children with incomes above the state median income level or families with disabled children (including adult disabled children).

4) Undermines quality of care

- High quality of care in nursing homes would not be guaranteed nationwide. States would be responsible for defining and enforcing standards for nursing homes without Federal review and enforcement. States also could turn over their standard setting and enforcement responsibilities to private organizations with no Federal review.

- No federal quality assurance (QA) standards for ICFs/MR. State QA standards not required.

- No quality assurance standards for managed care plans.

- No freedom of choice or choice of plan for beneficiaries.

5) Removes accountability for Federal dollars, to make sure that Federal Medicaid funds are not diverted to other non-health uses and to ensure that funds are spent appropriately.

- No State accountability for Federal funds

- No Federal oversight

- No provider tax and donation requirements -- No protection against "gaming" of federal funds.

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Major Health Care Issues For Which We Seek Consideration/Guidance

Medicare

- **Medicare baseline**
- **Total Medicare cuts**
- **Allocation/Ratio of Medicare beneficiary/provider-specific cuts**
- **Medicare program budget caps and failsafe mechanisms**
- **Trust fund transfers**
- **Balance billing**
- **Extension of state and local HI tax to all state and local government workers**
- **Risk of Segmentation of the Medicare insurance pool -- MSAs, Fee-for-Service, and Association plans**
- **Provider Service Networks**
- **Geographical variation in Medicare reimbursement to HMOs**
- **Repeal of clinical laboratory quality regulations (CLIA) and the provision of more lenient fraud and abuse provisions**
- **President's Medicare expansions/improvements**

Medicaid

- **Medicaid baseline**
- **Total Medicaid cuts**
- **The entitlement and guarantee of coverage**
- **The benefit package**

- State flexibility
  - (1) **Repealing/restructuring the Boren amendment**
  - (2) **Repealing the requirement that States contract out with public hospitals and reimburse community health centers/rural health clinics at cost**

- **The inevitable Medicaid formula fight**

- **DSH Cuts/Payments**

- **Waiver states**

- **Nursing home standards and spousal impoverishment**

- **Qualified Medicare beneficiary program**

- **Abortion**

- **Vaccines program**

- **President's Medicaid reforms**

Other Outstanding Health Issues

- **President's health care reform initiative**

- **Anti-trust provisions**

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MEDICARE AND MEDICAID PRINCIPLES

- Any changes in the Medicare program must be designed to strengthen the Medicare Trust Fund and ensure that beneficiaries are protected against direct and indirect cost increases that make health care unaffordable.

- Regardless of the size of out-of-pocket increases, low-income beneficiaries must be provided sufficient assistance to assure that copayments, premiums, and deductibles are affordable so that they can continue to participate in the program.

- Changes in the Medicare program must assure choice of doctors and increase choice of plans without creating a system that discriminates against unhealthy and poorer beneficiaries.

- Cuts in the Medicare program must be moderated to ensure that access to quality health care is not threatened by arbitrarily imposed and severe caps that bear no relationship to the projected cost of providing health services to Medicare beneficiaries.

- The commitment to Medicaid's guarantee of coverage, with meaningful benefits, must be maintained so that we preserve the safety net for children, elderly and people with disabilities.

- States must be assured adequate Federal funding and flexibility so that they can administer an efficient Medicaid program that is responsive to economic and demographic changes.

- The commitment to high quality Federal standards for nursing home residents must be maintained so that the nation does not return to the days when patients were inappropriately restrained, abused and neglected.

Issues and Alternatives for Medicare Spending Caps

The Republican plan sets in statute specific spending levels for Medicare in each fiscal year. These "caps" on spending are enforced through a lookback mechanism that defines eight sector-specific payment reductions to make sure that spending does not exceed the aggregate cap. Reductions in price that are made through the failsafe and lookback mechanisms permanently lower Medicare's baseline. If the allocations to the eight sectors are inaccurate, then certain sectors may be unfairly penalized. The managed care sector is subject to a separate cap within the total.

The arguments for caps are that they are a politically attractive and simple to understand mechanism for achieving aggregate budget targets and that, once in place, they create clear incentives to constrain spending to the capped level. This is obviously an important consideration in a program as large as Medicare. However, the Medicare Trust funds already provide a mechanism to balance revenue and spending over the long term--and to force political action when problems are anticipated (as is occurring this year.)

There are a number of concerns with Medicare caps.

- Caps break the link between benefits and their costs--they are unrelated to the costs of Medicare benefits, the number of Medicare beneficiaries, advances in medical technology, or to future inflation in the general economy.

- "Scoreability" decisions lead to features that are purely budget-driven.

- Caps are formulaic mechanisms that constrain the options available to political policymakers and program administrators in the future to respond to excess spending without any consideration of the cause of any excess (e.g. flu epidemics).

- Arbitrary formulaic mechanisms make the government a poor business partner, e.g., if fees are negotiated in the market, they can then be arbitrarily reduced retroactively for reasons beyond the control of the provider negotiating in good faith. For example, HMO's that count on a stream of prepaid monthly income to meet their own business obligations found the Gramm-Rudman-Hollings sequesters particularly distasteful. This would be especially true if the government moves to a market-based pricing model -- as "market" payments would then have to be adjusted by the budget ceilings.

- Caps encourage providers to shift costs to beneficiaries and other payers or to sacrifice beneficial but costly services.

The key alternative to such caps is to make the difficult decisions to control spending by specifying a set of policies that will produce the desired level of savings, as articulated in the President's plan. The Part A Trust Fund provides the long-term financing vehicle for balancing spending and revenues over time, triggering political action as problems are identified in future

projections, as is occurring this year.

The issue is whether a political compromise will necessitate some other alternatives. If so, there are certain issues that need to be considered.

How could a Medicare spending constraint be set :

If it is necessary to set some form of spending constraint, it could be set in a number of ways:

- Fixed dollar amount (as in the Republican plan). Alternatively, the fixed dollar amount could have a margin (e.g. $289 billion plus or minus X percent) to allow for estimating error.

- Dollar amount adjusted for different variables (e.g. a dollar amount per beneficiary adjusted for exogenous variables such as general inflation. This controls for factors beyond anyone's control and allows for growth due to legitimate factors such as population growth. This sort of cap could also include a margin for estimating error.

- Limit growth in spending to an index. This index could be fixed (written into the statute) or rolling (some X year average of program spending adjusted for certain variables, CPI, medical price inflation, growth in private health spending, gross domestic product) and could include some margin for estimating error in the index.

In general, a cap that varies with actual experience and is adjusted for certain variables will be less arbitrary and less likely to needlessly disrupt the program than one that sets spending levels based on estimates made at a point in time. For example, a limit that accounts for growth in program costs due to beneficiary growth that is different than assumed in the cap will better enable the program to maintain a constant level of benefits per enrollee. In addition, a cap should avoid sharp year to year differences in program spending (for example, a fixed dollar limit with a margin or an index that uses three or five year averages will decrease volatility).

What could be subject to a limit?

A Medicare limit could apply to total program spending or to various components in different ways:

- it could apply to total spending;

- it could apply differentially to various service sectors of the program (i.e., hospital, graduate medical education, capital, outlier payments), but then could not easily adjust for interactions between sectors;

- it could apply differentially to various delivery systems (i.e. managed care, traditional Medicare).

What mechanisms exist to enforce savings under some pre-set formula?

One issue is the timing of adjustments:

- enforce in "real-time" -- current year -- with adjustments based on current year projections or data (projections of this year's spending or data available for the first half of the year) to determine this year's payment levels (or payment level's for the second half);

- enforce on rolling basis -- with historical experience used to adjust future updates (this year's payment update depends on last year's performance, or the average of several years);

A second issue is whether adjustments fully or partially adjust for spending variances:

- adjustments could be designed to fully recapture any excess spending; or

- a more limited adjustment in payments in current or future years could limit the magnitude of change in provider payments (i.e., upper and lower limits in adjustments).

A third issue is the type of any adjustment mechanisms:

- provider payment reductions in traditional Medicare and/or reductions in managed care payment rates;

- beneficiary coinsurance and premium changes.

A fourth issue is the vehicle for making adjustments:

- automatic executive actions triggered by some finding: such actions could be

  -- automatic payment adjustments, or
  -- some other required executive action to bring spending in line;

- a fast track Congressional process to make program changes to bring spending under control (using the base closing process as a model).

The most important component of any mechanism designed to ensure that targets are met is that it allow flexibility in future action so that program disruption can be minimized. In addition, a mechanism should be enforced through a process that provides notice to those who will be affected.

Data Considerations

In designing any policy, data must be available that accurately measures spending. If data

availability is lagged several years or disaggregated data is not available, options for designing an enforcement system will be constrained. The Medicare Volume Performance Standard System, which controls Medicare physician payments, adjusts next year's fees based on Medicare physician spending the previous fiscal year, because accurate data on spending the current fiscal year is not available until the March after the fiscal year has ended.

11/21/95

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Section by Section Summary

CONFERENCE AGREEMENT ON H. R. 2491

TITLE VII -- MEDICAID

Sec. 7000. Short title of title.

Title: "Medicaid Transformation Act of 1995"

Sec. 7001. Transformation of the Medicaid program.

Amends the Social Security Act by adding: "Title XXI - Medigrant Program for Low-Income Individuals and Families"

"Sec. 2100 Purpose; State Medigrant plans.

Amends the Social Security Act by adding "Title XXI," which creates the MediGrant program of block grants to the States for low-income individuals and families. State would be required to submit a plan outlining how funds will be used to provide medical assistance to needy individuals, and the plan would be required to be approved by the Secretary.

PART A -- OBJECTIVES, GOALS AND PERFORMANCE UNDER STATE PLANS

"Sec. 2101. Description of strategic objectives and performance goals.

Each State's Medicaid plan would be required to include strategic objectives and performance goals relating to provision of health care services to low-income populations. Objectives and goals would be required for rates of childhood immunizations and for reductions in infant mortality and morbidity.

"Sec. 2102. Annual reports.

- States would be required to submit annual reports with expenditure, beneficiary and utilization summary, achievement of performance goals, program evaluations, fraud and abuse and quality control activities, and descriptions of plan administration.

- Defines general category of eligible individuals as: pregnant women, children, blind or disabled adults under 65; persons 65 or older; other adults.

"Sec. 2103. Periodic independent evaluations.

Each State would be required to provide for an independent evaluation of its MediGrant Plan during fiscal year 1998 and, after 1998, every third fiscal year.

"Sec. 2104. Description of process for Medicaid plan development.

Each Medicaid Plan would be required to include a description of the process for the development and implementation of the States' MediGrant program.

"Sec. 2105. Consultation in Medicaid plan development.

Each State would be required to provide for public notice of plan and opportunity for public comment. Each State would be required to establish an Advisory Committee and consult with it in developing, revising and monitoring the plan. State advisory committees would be required to reflect geographic diversity.

PART B -- ELIGIBILITY, BENEFITS, AND SET-ASIDES

"Sec. 2111. Eligibility and benefits.

The MediGrant plan would be required to include a description of: eligibility; any limitations on duration of eligibility; income and resource standards; amount duration and scope of health care services and items covered; delivery system, including the use of vouchers; and cost-sharing, including variations between groups.

- States would be required to provide medical assistance to any pregnant woman or child under age 13 whose family income is under 100 percent of the Federal poverty level. In addition, States would be required to provide medical assistance to individuals who are disabled (as defined by the State) and below the poverty level.

- States would be required to describe provisions for expenditures for covered items and services furnished by certain short-term acute care general hospitals and children's hospitals.

- States would not be allowed to require an adult child with a family income below the State median income (defined by the State) to contribute to the cost of nursing home care of a parent.

- States would be required to cover immunizations for eligible children.

- States would be required to provide prepregnancy planning services and supplies as specified

by the State.

- States would not be allowed to deny coverage on the basis of a pre-existing condition..
- Capitated health care organizations would be required to meet certain solvency standards.

"Sec. 2112. Set-asides for population groups.

- States would be required to devote a minimum proportion of the total State spending on low-income families, elderly, disabled, Medicare premiums and services provided by FQHCs and RHCs.
- The minimum percentage for low-income families, elderly and disabled would be 85 percent of the average percentage of State expenditures for medical assistance for FY 1992-1994 on mandatory services for mandatory eligibles within these groups.
- Minimum percentage for Medicare premiums would be 90 percent of the average percentage of State spending on mandatory eligibles within the group for the years FY 1993 to FY 1995.
- The minimum amount would be 85 percent of the average annual expenditures for FY 1992-1994 attributable to services furnished by rural health clinics and federally qualified health centers.
- Exceptions would be allowed for States to provide lower set-aside amounts.

"Sec. 2113. Premiums and cost-sharing.

States would be allowed to impose cost-sharing requirements on Medicaid enrollees, with the following limitations:

1. States would not be allowed to impose premiums on families with incomes below 100 percent of the Federal poverty level that include a pregnant woman or child;
2. Cost-sharing for primary and preventive care for children and pregnant women would be required to be nominal.

States would have broad flexibility to develop cost-sharing schedules that differentiate between income groups or between types of services (i.e., emergency versus preventive), or that further other programmatic goals.

"Sec. 2114. Description of process for developing capitation payment rates.

- States that contract with capitated plans would be required to include in their State plans: a description of the State's use of actuarial science to develop capitation rates; general qualifications for capitated health plans; and a process for making the rate-setting methodology and data available for public notice and comment.

"Sec. 2115. Preventing spousal impoverishment.

- The Federal mandate that States allow certain income and assets to be protected for spouses of beneficiaries receiving assistance for nursing home care would be maintained. Reparation payments from the Federal Republic of Germany would be excluded from the determinations.

- Spouses denied protection would have limited options for seeking redress.

"Sec. 2116. State flexibility.

- States would not be required to provide coverage for any particular item or services.
  - States would not be required to require freedom of choice of provider.
  - States would have complete flexibility to determine provider payment levels.
  - States would have the option to define duration and scope of services, which may vary across beneficiaries.
  - Statewideness and comparability requirements in current law would be removed.

PART C -- PAYMENTS TO STATES

"Sec. 2121. Allotments of funds among States.

- For each fiscal year, the Secretary would calculate both a Federal obligation and an outlay allotment for each State.
  - The obligation allotments would be slightly higher than the outlay allotment, the actual amount of Federal funds States could draw down.

- Outlay allotments for 1996 would be established in statute.

- All States' outlay allotments would be adjusted (using a scalar factor) so that the total does not exceed the available pool of Federal funds. The pool of Federal funds would be $96.4 billion in 1996, $103.2 billion in 1997, $107.9 billion in 1998, $112.6 billion in 1999, $117.4 billion in 2000, $122.3 billion in 2001 and $127.4 billion in 2002. After 2002, Federal funds would increase each year by the lower of 4.2 percent or GDP.

- A State's outlay allotment for 1997 and subsequent fiscal years would be equivalent to a calculated needs-based amount, subject to growth limits.

Allotments would be subject to the following floors and ceilings:

- Floors:

  - No State's outlay allotment in 1997 could be less than 103.5 percent of the previous year's allotment. This annual allotment increase would be decreased to 103 percent of the previous year's allotment in 1998 and 102 percent of the previous year's allotment for subsequent years.

- Ceilings:

  - The growth in States' outlay allotments over the previous year could not exceed 109 percent for 1997 and 105.3 percent for subsequent years.

  - Outlay allotments for the ten States with the lowest spending per resident in poverty would increase at 107 percent over the previous year's allotment.

  - All States' computed allotments would be at least 0.24 percent of the Federal pool beginning in 1998.

- The needs-based amount for each State would be generated using measures of State's relative number of residents in poverty, a case-mix index, an input cost index, and national spending per person in poverty.

- New Hampshire and Louisiana would have outlay allotments fixed through fiscal year 2000. The two States would incrementally increase their financial participation.

- Louisiana and Nebraska would have pre-determined allotment increases for 1997; Nevada's allotment would be increased by $90 million for 1996, 1997, and 1998.

- A supplemental allotment for emergency services to undocumented immigrants would be provided to the fifteen States with the highest number of undocumented immigrants. This allotment would be allocated across the fifteen States based on their proportion of the total population of undocumented immigrants in those States. The supplemental allotment would total $3.5 billion from 1996 to 2000.

- FMAP would be either the current formula (based on States' relative per capita incomes), 60 percent, or the lower of the new FMAP (based on total taxable resources and aggregate expenditure need) or current FMAP plus 10 percent. States would be able to choose between these three options.

- New Hampshire and Louisiana would be required to contribute 20 percent of the amount that would be necessary to draw down their full outlay allotments in 1996 -- $203 million and $355 million respectively. Their obligations would increase by 20 percent increments in order that by fiscal year 2000, they would be meeting their full obligations.

"Sec. 2122. Payments to States.

- States would be required to submit quarterly estimates of funds needed and demonstrate the availability of matching State funds.

- For administrative services, the Federal matching percentage would generally be 50 percent, with enhanced matching for certain expenditures, such as certain personnel administration and information systems.

- Federal payments to States for costs which would be eligible for reimbursement by a third party would be treated as overpayments to the States. States Federal payments would be adjusted after 60 days for all overpayments except those deemed uncollectible by the Secretary.

- No State matching payments would be required for emergency medical services provided to undocumented immigrants.

- 100 percent FMAP for payments to IHS facilities would continue, subject to MediGrant allotments. This would be extended to all IHS funded providers.

- The Federal Medicaid Assistance Percentage (FMAP) would be either the result of the current formula (based on States' relative per capita incomes), 60 percent, or the lower of the new FMAP (based on total taxable resources and aggregate expenditure need) or the current FMAP plus 10 percent. States would be able to choose between these three options.

- The Federal minimum floor would be raised to 60 percent from 50 percent.

- States would be required to provide at least 40 percent of the non-Federal share of Medicaid expenditures, with special formulas for New Hampshire, Louisiana. Presumably, New Hampshire and Louisiana will not be required to meet the FMAP floor.

"Sec. 2123. Disallowances.

- States would not receive Federal match for payments made for non-emergency services provided by excluded providers or provided to undocumented immigrants, payments eligible for third-party coverage, or payments for vocational rehabilitation, educational services, or medical related costs in excess of five percent of total expenditures.

- Federal funding would not be available for costs of providing abortions except in the case of the pregnancy resulting from rape or incest or in the case where the woman's life would be in danger.

- No Federal funding would be available for administrative expenses greater than $20 million plus 10 percent of total program spending in a given year.

- No Federal funds would be available for purchase of outpatient drugs from a manufacturer who was not participating in the drug rebate program.

- No Federal funds would be available if any other federally operated or financed program (except the Indian Health Service) could have covered the services.

PART D -- PROGRAM INTEGRITY AND QUALITY

"Sec. 2131. Use of audits to achieve fiscal integrity.

States would be required to employ audit and fiscal controls that follow accepted principles.

"Sec. 2132. Fraud prevention program.

- State Medicaid plans would be required to establish a fraud detection and prevention program meeting minimal Federal specifications, following those of Medicare in current law.

- States would be required to comply with current law provisions (also in effect for Medicare)

regarding exclusions and civil money penalties for providers that commit fraud.

- States would be required to inform the Secretary and the State Medical Licensing Board of actions taken under this authority.

"Sec. 2133. Information concerning sanctions taken by State licensing authorities against health care practitioners and providers.

States would be required to report information to the Secretary about fraud proceedings by State and other licensing or accreditation entities in a form acceptable to the Secretary and suitable for dissemination to a variety of other public authorities and private entities.

"Sec. 2134. State MediGrant fraud control units.

Each State would be required to have a MediGrant fraud control unit unless the State could demonstrate that such a unit would not be cost effective. Most current law requirements would be retained.

"Sec. 2135. Recoveries from third parties and others.

- States would be permitted to recover from beneficiaries' estates under plans of the States' devising.

- States could take action, including the imposition of liens against the property or estate of the individual, to recover any amounts paid as medical assistance

- States would be required to identify and pursue liable third-party payers.

- Providers could not refuse to serve beneficiaries because of a third party's potential liability for payment and could not bill beneficiaries with third-party insurance more than the amounts that could be collected in the absence of third-party insurance.

- Current requirements for State laws for protections for medical support from an absent parent would be retained in their entirety.

"Sec. 2136. Assignment of rights of payment.

As under current law. recipients of medical assistance would be required to assign to the State their rights to medical care payments from other sources, cooperate in establishing their children's paternity, and cooperate with the State in establishing and pursuing third-party payers..

"Sec. 2137. Quality assurance standards for nursing facilities.

Basic quality assurance requirements would be retained but the State (instead of the Secretary) would be given the responsibility for assuring that the requirements and their enforcement would be adequate. Federal enforcement and sanction authority would be significantly weakened. Several specific changes would be made to current law, including; elimination of protections against Medicaid discrimination in admission, option for "deemed" status with no Federal oversight, weakening of transfer and discharge rights, reduction of the highest civil monetary penalty from $10,000 to $5,000, elimination of the minimum data set (uniform set of quality measures established by the Secretary), and mandated surveys every 24 months (instead of 15 months).

"Sec. 2138. Other provisions promoting program integrity.

Findings of nursing facility surveys would be required to be made public by States and by facilities.

PART E -- ESTABLISHMENT AND AMENDMENT OF STATE MEDIGRANT PLANS

"Sec. 2151. Submittal and approval of MediGrant plans.

As a condition of funding under Part C, each State would be required to submit a plan to the Secretary for approval; it would take effect beginning with a calendar quarter as specified in the plan.

"Sec. 2152. Submittal and approval of plan amendments.

- Program changes would be permitted only if they were submitted in a plan amendment.
- Amendments would be permitted to be effective for limited period of time without Secretarial approval.
- Public notice for plan changes eliminating or restricting eligibility would be required.

"Sec. 2153. Process for State withdrawal from program.

States would be permitted rescind MediGrant programs 90 days after notifying the public and the Secretary.

"Sec. 2154. Sanctions for noncompliance.

- Plan amendments would be automatically approved and spending would be matched unless the Secretary finds the proposed amendment or administration of an existing plan provision to substantially violate an express requirement of the law.

- The Secretary would be required to act on the initial State plan in 120 days and on amendments within 30 days; the Secretary would be subject to specific procedures for justifying violations of compliance including corrective actions negotiations with States, administrative hearings, and judicial review.

- Withholding of funds could only be for those portions of the Medigrant plan or administration thereof that substantially violate requirements of title XXI.

- The Secretary would be required to establish an individual complaint process. If the Secretary finds there is a pattern of complaints, he\she would notify the State of such complaints and then notify the Congress if the State fails to respond to the Secretary's notification.

"Sec. 2155. Secretarial authority.

- Negotiated or informal resolution of disputes would be permitted.

- No delegation of authority to approve plan amendments or determine State compliance would be permitted below the level of HCFA Administrator.

- Formal rulemaking would be required for changes in administration by the Secretary.

PART F -- GENERAL PROVISIONS

"Sec. 2171. Definitions.

- Definition of "medical assistance" could include an extensive list of services; States may pay for part or all of the cost of these services; coverage of drugs for assisted suicide would be excluded; abortion would be covered only if necessary to save the life of the mother or in case of rape or incest.

- States would be prohibited from extending eligibility to families with incomes in excess of 275 percent of the Federal poverty level. Additional definitions: Medicare cost sharing, child, poverty line, elderly individual, and pregnant woman.

"Sec. 2172. Treatment of the territories.

The Secretary would be permitted to waive or modify MediGrant requirements for the territories, with the exception of the following provisions: FMAP rules, allotment limits, and the requirement that Federal funds be spent on medically related services.

"Sec. 2173. Description of treatment of Indian health programs.

In a State in which one or more facilities of the Indian Health Service is located, the MediGrant plan would be required to include descriptions of:

- what provision, if any, has been made for payment for items and services furnished by such programs; and

- how medical assistance will be provided to low-income Medicaid eligible Indians, as determined by the State, in consultation with tribes and tribal organizations.

"Sec. 2174. Application of certain general provisions.

Many general provisions of Title XI of the SSA would be carried over concerning administrative and judicial review, disclosure of ownership, criminal penalties, period for filing claims, etc.

- Criminal penalties for certain additional charges (balance billing protections) would be maintained.

"Sec. 2175. MediGrant drug rebate program.

- The current drug rebate program would be maintained.

- States would be prohibited from imposing supplemental rebates.

- States would be permitted to enter into own rebate agreements with manufacturers.

- The link between PHS/VA drug discount programs and Medicaid drug rebate program would be severed.

Sec. 7002. Termination of current program and transition.

- This provision would terminate the current program; would repeal Title XIX effective Oct 1, 1996 except that sec. 1928 concerning the option or requirement to cover additional individuals would be repealed on the date of enactment.

- Individual entitlement would be eliminated upon enactment.

- The provision would limit new Federal obligations under Title XIX and restrict Federal

matching for claims incurred prior to enactment to those that States submit by 6/30/96.

- The provision would provide for transition rules for disallowances.
- Administrative and judicial decisions applied to Title XIX programs would not carry over to new program (i.e. clean slate).
- The Vaccines for Children program would be repealed.
  - The Federal government or a State would be prohibited from purchasing vaccine under any contract under section 1928 (d) -- including the Centers for Disease Control's 317 program -- after the date of enactment.
- The role of the Inspector General would continue.
- Within 90 days of enactment, the Secretary would be required to submit a legislative proposal for technical and conforming amendments.

Sec 7003. Medicare/MediGrant integration demonstration project

- This provision would provide for joint Medicare/MediGrant demonstrations to develop a cost-effective continuum of care for chronically-ill elderly and disabled beneficiaries through integrated systems of care.
- Maximum Federal payments to designated entities for demonstrations would not exceed aggregate amounts of what Federal payments for Medicare and Medicaid programs would have been- i.e., must maintain budget neutrality; projects shall be for 5 year duration, would be subject to annual review and approval by the Secretary.
- Forced enrollment of beneficiaries in these programs in order to receive benefits would be prohibited.

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State by State Analysis

1. Administration's proposal

- The Administration's proposal will save an estimated $54 billion over seven years, with the maximum savings in a state being $6.6 billion over the period (California), the smallest loss being $13 million (Wyoming).
  - No state will face a reduction in Federal spending of more than 9% over the period, with the average reduction being 6% for 1996 to 2002.
- In 2002, the Administration's proposal will save an estimated $15 billion (off of the Urban Institute October baseline), representing a 9% reduction from projected baseline spending.
  - This percentage reduction in 2002 ranges from 3% (in Wyoming, Montana, and North Carolina) to 12% in California and Texas.

2. Comparison to Conference Agreement

- All states do better under the Administration's proposal than under the Republican proposal in 2002.
  - The Conference Agreement reduces spending by an average of 28% in 2002, relative to 9% under the Administration's proposal.
  - States like New York and Texas do significantly better under the Administration's proposal, receiving an estimates $4.9 billion and $2.8 billion more in Federal funding respectively.
- Five states do appear to do better under the Republican proposal over then seven-year period than under the Administration's proposal. There are two reasons for this. First, four of the five states have been singled out by the Republicans for special treatment.
  - **California:** Receives an additional $1.6 billion in funds through the pool for emergency benefits for certain undocumented persons. Without this amount, California receive about $1.1 billion less than under the President's proposal over the seven-year period.
  - **Oregon:** Oregon received a special supplemental payment for 1996 under the House proposal. The Conference Agreement gives Oregon a higher supplement. The 1996 allotments for Oregon is 44% higher than its 1994 spending, relative to a national average increase of 16%. In other words, the Republicans are assuming

that Oregon's spending will grow at an annual rate of 20% for this period. If the state's spending growth between 1994 an 1996 were equal to the national average rate, then Oregon would receive about $1.7 billion less under the Republican than under the Administration's proposal over the seven year period.

- **Nevada**: In the Conference Agreement, a special supplemental payment of $270 million is made to Nevada for 1996 through 1998. If this special funding were removed, then Nevada would receive about $50 million less under the Republican proposal than under the Administration's plan over the period.

- **Delaware**: Although Delaware does not receive special treatment in the proposed legislation, its base year is also inflated. Delaware's 1996 allotment is 38% above its 1994 spending, suggesting an annual growth rate of 17%. If this rate were constrained to the national average, then Delaware would receive $263 million less in Federal funding under the Republican Plan than under the Administration's proposal.

Second, Alabama has the lowest average growth in the nation, so that its block grant growth, while low, is comparable to what it would spend in the absence of any changes.

3. Alternative DSH policies

Attached are five options for DSH policies, which change the distributional effects of the cuts.

Option 1: Current policy: all states receive a 33% reduction from 1995 spending; indexed to nominal GDP for subsequent years.

States that do better under the Republican proposal:
- o Alabama
- o California
- o Delaware
- o Nevada
- o Oregon

Option 2: Target reduction to high-DSH states: the savings target could be met by capping DSH spending by state at 7.5% of non-DSH benefits and administration spending.

States that do better under the Republican proposal:
- o Alabama
- o California
- o Delaware
- o Missouri
- o Nevada

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Option 3: Variant on equal reduction to all states: Reduce 1996 spending by the following schedule; index to CPI (except for 50% states whose growth is frozen):

Criteria:	1996 Reduction:
> 35% of non-DSH spending:	50% reduction
15% - 35% of non-DSH spending:	40% reduction
5% -15% of non-DSH spending:	20% reduction
< 5% of non-DSH spending:	0% reduction

States that do better under the Republican proposal:

- Alabama
- Delaware
- Nevada
- Oregon (negligible)

Option 4: Option 3 plus an immigrant pool. Reduce 1996 spending by the following schedule; index to CPI (except for 50% states whose growth is frozen):

Criteria:	1996 Reduction:
> 35% of non-DSH spending:	50% reduction
10% - 35% of non-DSH spending:	33% reduction
< 10% of non-DSH spending:	10% reduction

Immigrant pool: 15 states with the largest number of undocumented people get a proportionate amount of a fixed pool [same as Republican proposal].

States that do better under the Republican proposal:

- Alabama
- Delaware
- Nevada

Option 5: Modification of the NAPH formula: increase each state's allotment (as estimated by NAPH) by 35% and index to CPI.

States that do better under the Republican proposal:

- Delaware
- Kansas
- Missouri
- Nevada

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SUMMARY OF STATE DATA

	DISPROPORTIONATE SHARE PAYMENTS			NEED									COSTS
	High- or	DSH as % of	State's Share	Uninsured		Infant Mortality		Low-income			Children's Coverage		MCR Hosp.
	Low-DSH State	Non-DSH Spending	of Total DSH	Number	Share	Rate	Index	Number	Share	Percent	Medicaid	Uninsured	Cost Index
US	**na**	**11.7%**		**39,716**		**8.9**		**39,487**		**18.1%**	**18.6%**	**14.2%**	**1**
Alabama	H	25.8%	3.0%	719	1.8%	11.2	1.26	789	2.0%	21.9%	13.6%	19.7%	0.80
Alaska	L	5.7%	0.1%	76	0.2%	8.9	1.00	80	0.2%	17.7%	14.4%	9.6%	1.29
Arizona		5.6%	0.8%	810	2.0%	8.6	0.97	534	1.4%	17.7%	17.7%	21.1%	0.98
Arkansas	L	0.3%	0.0%	478	1.2%	10.2	1.15	427	1.1%	20.6%	12.2%	19.2%	0.76
California	H	13.1%	10.1%	6,333	15.9%	7.6	0.85	5,477	13.9%	20.3%	25.4%	20.0%	1.25
Colorado	H	9.7%	0.7%	449	1.1%	8.4	0.94	402	1.0%	13.9%	10.0%	12.3%	0.97
Connecticut	H	16.5%	2.1%	327	0.8%	7.4	0.83	260	0.7%	9.2%	13.8%	10.9%	1.21
Delaware	L	1.9%	0.0%	96	0.2%	11.8	1.33	73	0.2%	11.7%	13.1%	10.4%	1.03
District of Colu	L	6.7%	0.3%	124	0.3%	21.0	2.36	130	0.3%	27.2%	41.2%	14.0%	1.21
Florida	L	5.0%	1.8%	2,768	7.0%	9.0	1.01	2,243	5.7%	20.4%	21.0%	15.1%	0.95
Georgia	L	10.8%	2.5%	1,262	3.2%	11.4	1.28	1,182	3.0%	21.1%	17.1%	15.5%	0.91
Hawaii	L	6.3%	0.2%	126	0.3%	7.4	0.83	141	0.4%	15.6%	11.6%	7.4%	1.13
Idaho	L	0.1%	0.0%	170	0.4%	8.7	0.98	158	0.4%	16.8%	15.0%	13.7%	0.85
Illinois	L	5.3%	1.7%	1,475	3.7%	10.7	1.20	1,953	4.9%	18.7%	18.4%	9.5%	0.98
Indiana	L	10.8%	2.1%	687	1.7%	9.1	1.02	733	1.9%	15.1%	17.5%	10.3%	0.92
Iowa	L	0.5%	0.0%	260	0.7%	8.0	0.90	323	0.8%	13.1%	10.2%	10.9%	0.83
Kansas	H	16.8%	1.0%	318	0.8%	8.9	1.00	302	0.8%	13.7%	14.3%	8.3%	0.88
Kentucky	H	3.5%	0.5%	468	1.2%	8.9	1.00	680	1.7%	21.7%	24.3%	13.2%	0.84
Louisiana	H	38.0%	9.8%	1,015	2.6%	10.5	1.18	975	2.5%	26.5%	28.5%	17.3%	0.87
Maine	H	17.9%	1.0%	142	0.4%	6.7	0.75	178	0.5%	16.2%	15.8%	11.6%	0.91
Maryland	L	6.5%	0.8%	665	1.7%	9.2	1.03	620	1.6%	15.0%	13.3%	12.3%	1.00
Massachusetts	L	10.8%	2.7%	703	1.8%	6.6	0.74	722	1.8%	14.4%	13.7%	9.6%	1.16
Michigan	L	11.6%	3.5%	1,069	2.7%	10.4	1.17	1,588	4.0%	19.4%	19.0%	8.2%	1.05
Minnesota	L	1.6%	0.3%	441	1.1%	7.5	0.84	542	1.4%	14.1%	12.8%	7.7%	1.00
Mississippi	L	11.3%	1.3%	462	1.2%	11.4	1.28	659	1.7%	28.0%	25.0%	15.9%	0.70
Missouri	H	31.6%	4.4%	633	1.6%	10.2	1.15	784	2.0%	17.2%	20.4%	9.8%	0.88
Montana	L	0.1%	0.0%	130	0.3%	7.0	0.79	134	0.3%	18.7%	12.2%	10.0%	0.84
Nebraska	L	1.3%	0.1%	195	0.5%	7.6	0.85	171	0.4%	12.3%	8.2%	9.0%	0.89
Nevada	H	17.4%	0.4%	262	0.7%	9.2	1.03	175	0.4%	15.7%	8.7%	17.5%	1.11
New Hampshir	H	69.4%	1.9%	141	0.4%	6.1	0.69	108	0.3%	10.6%	12.0%	13.5%	1.02
New Jersey	H	22.8%	5.2%	1,089	2.7%	8.7	0.98	900	2.3%	13.3%	14.7%	10.8%	1.12
New Mexico	L	1.1%	0.1%	357	0.9%	8.1	0.91	334	0.8%	24.9%	23.0%	26.2%	0.91
New York	L	11.2%	12.6%	2,536	6.4%	9.4	1.06	2,971	7.5%	19.2%	21.9%	14.1%	1.24
North Carolina	L	11.1%	2.6%	946	2.4%	10.8	1.21	1,003	2.5%	17.8%	17.9%	11.9%	0.88
North Dakota	L	0.4%	0.0%	84	0.2%	8.1	0.91	82	0.2%	15.7%	11.4%	6.9%	0.84
Ohio	L	9.2%	3.4%	1,257	3.2%	9.4	1.06	1,504	3.8%	15.6%	16.9%	9.8%	0.94
Oklahoma	L	2.1%	0.2%	785	2.0%	9.6	1.08	520	1.3%	19.1%	16.2%	20.6%	0.80
Oregon	L	1.7%	0.1%	453	1.1%	7.3	0.82	355	0.9%	13.7%	18.4%	12.7%	1.05
Pennsylvania	H	12.0%	4.5%	1,303	3.3%	9.1	1.02	1,558	3.9%	15.2%	17.2%	11.1%	1.01
Rhode Island	L	10.8%	0.5%	100	0.3%	8.0	0.90	116	0.3%	14.4%	13.8%	9.1%	1.09
South Carolina	H	27.0%	3.5%	616	1.6%	11.3	1.27	671	1.7%	21.5%	17.7%	14.8%	0.86
South Dakota	L	0.1%	0.0%	93	0.2%	9.4	1.06	102	0.3%	17.4%	12.3%	7.9%	0.78
Tennessee	H	4.3%	0.8%	673	1.7%	10.0	1.12	921	2.3%	21.4%	22.7%	10.4%	0.86
Texas	H	17.6%	9.8%	3,980	10.0%	7.7	0.87	3,260	8.3%	21.5%	19.9%	24.0%	0.91
Utah	L	0.9%	0.0%	215	0.5%	6.1	0.69	204	0.5%	12.9%	5.8%	9.1%	0.95
Vermont	L	6.3%	0.1%	70	0.2%	5.8	0.65	63	0.2%	12.1%	15.6%	5.5%	0.93
Virginia	L	7.4%	0.8%	848	2.1%	9.9	1.11	841	2.1%	15.5%	12.1%	11.1%	0.89
Washington	L	11.2%	1.7%	661	1.7%	7.5	0.84	577	1.5%	13.5%	18.2%	10.5%	1.05
West Virginia	L	8.0%	0.9%	332	0.8%	8.2	0.92	366	0.9%	24.0%	25.6%	10.0%	0.83
Wisconsin	L	0.5%	0.1%	440	1.1%	8.3	0.93	545	1.4%	12.6%	11.6%	6.3%	0.90
Wyoming	L	0.0%	0.0%	73	0.2%	7.9	0.89	52	0.1%	12.5%	9.4%	13.5%	0.80

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Comparison of Savings Under Different DSH Options: 1996 - 2002

States	Option 1		Option 2		Option 3		Option 4		Option 5	
	Savings	*Percent*	*Savings*	*Percent*	*Savings*	*Percent*	*Savings*	*Percent*	*Savings*	*Percent*
Total	**(53,420)**	**-5.6%**	**(53,873)**	**-5.6%**	**(53,802)**	**-5.6%**	**(54,142)**	**-5.7%**	**(53,766)**	**-5.6%**
Alabama	(637)	-4.8%	(1,365)	-10.2%	(877)	-6.6%	(731)	-5.5%	(417)	-3.1%
Alaska	(111)	-6.1%	(80)	-4.4%	(105)	-5.7%	(98)	-5.4%	(148)	-8.1%
Arizona	(610)	-4.3%	(358)	-2.5%	(559)	-3.9%	(465)	-3.2%	(358)	-2.5%
Arkansas	(152)	-1.6%	(144)	-1.5%	(146)	-1.5%	(148)	-1.5%	(144)	-1.5%
California	(6,636)	-7.7%	(6,569)	-7.6%	(5,970)	-6.9%	(6,037)	-7.0%	(4,260)	-4.9%
Colorado	(309)	-4.3%	(158)	-2.2%	(266)	-3.7%	(205)	-2.9%	(100)	-1.4%
Connecticut	(698)	-5.1%	(883)	-6.5%	(862)	-6.3%	(762)	-5.6%	(1,694)	-12.4%
Delaware	(54)	-3.1%	(43)	-2.5%	(47)	-2.7%	(49)	-2.8%	(43)	-2.5%
District of Columbi	(256)	-5.3%	(159)	-3.3%	(236)	-4.9%	(214)	-4.5%	(159)	-3.3%
Florida	(2,243)	-5.5%	(1,678)	-4.1%	(1,872)	-4.6%	(1,795)	-4.4%	(1,678)	-4.1%
Georgia	(1,585)	-5.7%	(1,050)	-3.8%	(1,421)	-5.1%	(1,645)	-5.9%	(822)	-3.0%
Hawaii	(168)	-5.8%	(115)	-4.0%	(157)	-5.5%	(145)	-5.0%	(115)	-4.0%
Idaho	(42)	-1.6%	(41)	-1.5%	(41)	-1.5%	(42)	-1.5%	(41)	-1.5%
Illinois	(1,703)	-5.0%	(1,160)	-3.4%	(1,592)	-4.7%	(1,357)	-4.0%	(1,160)	-3.4%
Indiana	(1,308)	-6.0%	(989)	-4.6%	(1,170)	-5.4%	(1,374)	-6.4%	(1,354)	-6.3%
Iowa	(174)	-2.2%	(161)	-2.0%	(165)	-2.1%	(169)	-2.1%	(161)	-2.0%
Kansas	(211)	-3.4%	(317)	-5.1%	(291)	-4.7%	(242)	-3.9%	(633)	-10.2%
Kentucky	(490)	-3.0%	(317)	-2.0%	(377)	-2.3%	(416)	-2.6%	(317)	-2.0%
Louisiana	(3,230)	-8.6%	(6,231)	-16.5%	(5,067)	-13.4%	(5,067)	-13.4%	(6,195)	-16.4%
Maine	(328)	-5.1%	(459)	-7.2%	(410)	-6.4%	(360)	-5.7%	(813)	-12.8%
Maryland	(721)	-5.2%	(448)	-3.2%	(665)	-4.8%	(586)	-4.2%	(448)	-3.2%
Massachusetts	(2,047)	-7.4%	(1,696)	-6.1%	(1,868)	-6.7%	(2,104)	-7.6%	(2,605)	-9.4%
Michigan	(1,806)	-5.4%	(1,434)	-4.3%	(1,576)	-4.8%	(1,916)	-5.8%	(2,315)	-7.0%
Minnesota	(674)	-4.2%	(588)	-3.7%	(617)	-3.8%	(637)	-4.0%	(588)	-3.7%
Mississippi	(681)	-5.5%	(513)	-4.1%	(598)	-4.8%	(720)	-5.8%	(276)	-2.2%
Missouri	(910)	-5.4%	(2,161)	-12.8%	(1,259)	-7.5%	(1,047)	-6.2%	(1,876)	-11.1%
Montana	(32)	-1.0%	(31)	-1.0%	(31)	-1.0%	(31)	-1.0%	(31)	-1.0%
Nebraska	(91)	-2.1%	(72)	-1.7%	(78)	-1.8%	(83)	-1.9%	(72)	-1.7%
Nevada	(86)	-3.6%	(121)	-5.0%	(116)	-4.8%	(98)	-4.1%	(89)	-3.7%
New Hampshire	(309)	-7.1%	(1,105)	-25.3%	(667)	-15.3%	(667)	-15.3%	(1,229)	-28.2%
New Jersey	(1,082)	-4.2%	(2,146)	-8.4%	(1,498)	-5.8%	(1,172)	-4.6%	(1,017)	-4.0%
New Mexico	(111)	-1.8%	(90)	-1.5%	(97)	-1.6%	(90)	-1.5%	(90)	-1.5%
New York	(7,128)	-6.0%	(5,879)	-4.9%	(6,297)	-5.3%	(7,237)	-6.0%	(4,065)	-3.4%
North Carolina	(823)	-3.0%	(150)	-0.5%	(655)	-2.3%	(903)	-3.2%	(1,023)	-3.7%
North Dakota	(40)	-1.8%	(37)	-1.7%	(38)	-1.7%	(39)	-1.7%	(37)	-1.7%
Ohio	(2,355)	-5.9%	(1,467)	-3.7%	(2,131)	-5.3%	(1,883)	-4.7%	(2,403)	-6.0%
Oklahoma	(192)	-2.3%	(132)	-1.6%	(153)	-1.8%	(166)	-2.0%	(132)	-1.6%
Oregon	(369)	-4.0%	(321)	-3.4%	(337)	-3.6%	(335)	-3.6%	(321)	-3.4%
Pennsylvania	(2,362)	-5.6%	(2,044)	-4.8%	(2,067)	-4.9%	(2,503)	-5.9%	(3,230)	-7.7%
Rhode Island	(246)	-4.9%	(169)	-3.4%	(212)	-4.2%	(262)	-5.2%	(505)	-10.1%
South Carolina	(610)	-3.8%	(1,384)	-8.7%	(886)	-5.5%	(718)	-4.5%	(2,108)	-13.2%
South Dakota	(49)	-2.2%	(49)	-2.1%	(49)	-2.1%	(49)	-2.1%	(49)	-2.1%
Tennessee	(585)	-2.7%	(585)	-2.7%	(585)	-2.7%	(585)	-2.7%	(585)	-2.7%
Texas	(5,840)	-8.2%	(6,533)	-9.1%	(6,622)	-9.2%	(5,920)	-8.3%	(4,526)	-6.3%
Utah	(77)	-1.7%	(64)	-1.4%	(69)	-1.5%	(72)	-1.5%	(64)	-1.4%
Vermont	(133)	-6.2%	(92)	-4.3%	(124)	-5.8%	(115)	-5.4%	(163)	-7.6%
Virginia	(482)	-4.3%	(229)	-2.1%	(430)	-3.9%	(351)	-3.1%	(355)	-3.2%
Washington	(855)	-5.0%	(590)	-3.5%	(744)	-4.4%	(889)	-5.2%	(988)	-5.8%
West Virginia	(819)	-6.2%	(535)	-4.0%	(761)	-5.7%	(696)	-5.2%	(1,033)	-7.8%
Wisconsin	(944)	-6.0%	(919)	-5.8%	(928)	-5.9%	(933)	-5.9%	(919)	-5.8%
Wyoming	(13)	-1.0%	(13)	-1.0%	(13)	-1.0%	(13)	-1.0%	(13)	-1.0%

Based on the Urban Institute's October baseline.

OPTION 1: POLICY AS DRAFTED: FLAT 33% DSH CUT; PAGE 1

Estimates of the Effects of the Medicaid Alternative Plan on States, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced by 33%, indexed to GDP
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002				1996-2002			
	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction
Total	$175,810	$160,831	($14,979)	-9%	$954,749	$901,329	($53,420)	-6%
Alabama	$2,392	$2,245	($147)	-6%	$13,374	$12,737	($637)	-5%
Alaska	$337	$305	($32)	-10%	$1,826	$1,715	($111)	-6%
Arizona	$2,681	$2,480	($201)	-7%	$14,335	$13,725	($610)	-4%
Arkansas	$1,810	$1,732	($78)	-4%	$9,771	$9,620	($152)	-2%
California	$15,970	$14,076	($1,894)	-12%	$86,429	$79,792	($6,636)	-8%
Colorado	$1,301	$1,210	($91)	-7%	$7,176	$6,868	($309)	-4%
Connecticut	$2,486	$2,305	($182)	-7%	$13,674	$12,976	($698)	-5%
Delaware	$324	$304	($20)	-6%	$1,754	$1,700	($54)	-3%
District of Columbi	$884	$807	($77)	-9%	$4,789	$4,533	($256)	-5%
Florida	$7,755	$7,036	($720)	-9%	$40,984	$38,741	($2,243)	-5%
Georgia	$5,209	$4,743	($466)	-9%	$27,775	$26,190	($1,585)	-6%
Hawaii	$534	$485	($50)	-9%	$2,879	$2,710	($168)	-6%
Idaho	$498	$478	($20)	-4%	$2,705	$2,663	($42)	-2%
Illinois	$6,306	$5,780	($526)	-8%	$33,973	$32,269	($1,703)	-5%
Indiana	$3,975	$3,620	($356)	-9%	$21,627	$20,318	($1,308)	-6%
Iowa	$1,440	$1,364	($77)	-5%	$7,840	$7,665	($174)	-2%
Kansas	$1,117	$1,061	($56)	-5%	$6,197	$5,986	($211)	-3%
Kentucky	$2,989	$2,802	($188)	-6%	$16,073	$15,583	($490)	-3%
Louisiana	$6,921	$6,193	($728)	-11%	$37,733	$34,503	($3,230)	-9%
Maine	$1,158	$1,068	($90)	-8%	$6,363	$6,035	($328)	-5%
Maryland	$2,594	$2,372	($222)	-9%	$13,988	$13,268	($721)	-5%
Massachusetts	$5,088	$4,552	($536)	-11%	$27,714	$25,667	($2,047)	-7%
Michigan	$6,105	$5,604	($501)	-8%	$33,157	$31,351	($1,806)	-5%
Minnesota	$2,948	$2,735	($213)	-7%	$16,072	$15,398	($674)	-4%
Mississippi	$2,303	$2,099	($204)	-9%	$12,410	$11,729	($681)	-5%
Missouri	$3,009	$2,823	($186)	-6%	$16,870	$15,960	($910)	-5%
Montana	$562	$543	($19)	-3%	$3,033	$3,001	($32)	-1%
Nebraska	$774	$736	($38)	-5%	$4,246	$4,155	($91)	-2%
Nevada	$440	$414	($26)	-6%	$2,404	$2,318	($86)	-4%
New Hampshire	$736	$696	($40)	-5%	$4,365	$4,056	($309)	-7%
New Jersey	$4,597	$4,351	($245)	-5%	$25,636	$24,554	($1,082)	-4%
New Mexico	$1,130	$1,075	($55)	-5%	$6,084	$5,973	($111)	-2%
New York	$21,773	$19,806	($1,968)	-9%	$119,701	$112,573	($7,128)	-6%
North Carolina	$5,218	$5,074	($144)	-3%	$27,882	$27,058	($823)	-3%
North Dakota	$405	$387	($18)	-4%	$2,232	$2,192	($40)	-2%
Ohio	$7,397	$6,766	($631)	-9%	$40,202	$37,847	($2,355)	-6%
Oklahoma	$1,506	$1,427	($80)	-5%	$8,299	$8,107	($192)	-2%
Oregon	$1,730	$1,600	($129)	-7%	$9,318	$8,949	($369)	-4%
Pennsylvania	$7,641	$7,013	($629)	-8%	$42,204	$39,842	($2,362)	-6%
Rhode Island	$914	$851	($64)	-7%	$4,984	$4,738	($246)	-5%
South Carolina	$2,905	$2,772	($134)	-5%	$15,992	$15,382	($610)	-4%
South Dakota	$420	$398	($22)	-5%	$2,292	$2,243	($49)	-2%
Tennessee	$3,901	$3,669	($232)	-6%	$21,374	$20,789	($585)	-3%
Texas	$13,527	$11,880	($1,647)	-12%	$71,635	$65,795	($5,840)	-8%
Utah	$862	$825	($37)	-4%	$4,678	$4,600	($77)	-2%
Vermont	$392	$355	($37)	-10%	$2,130	$1,998	($133)	-6%
Virginia	$2,047	$1,899	($148)	-7%	$11,168	$10,686	($482)	-4%
Washington	$3,153	$2,906	($247)	-8%	$17,054	$16,198	($855)	-5%
West Virginia	$2,512	$2,278	($234)	-9%	$13,302	$12,483	($819)	-6%
Wisconsin	$2,898	$2,608	($290)	-10%	$15,767	$14,822	($944)	-6%
Wyoming	$235	$228	($8)	-3%	$1,280	$1,267	($13)	-1%

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

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OPTION 1: POLICY AS DRAFTED: FLAT 33% DSH CUT; PAGE 2

Comparison of the Medicaid Alternative Plan & The Republicans' Plan, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced by 33%, indexed to GDP
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002			1996-2002		
	President's Plan Savings	Republicans' Plan Savings	Difference	President's Plan Savings	Republicans' Plan Savings	Difference
Total	($14,979)	($48,577)	$33,598	($53,420)	($164,974)	$111,555
Alabama	($147)	($247)	$100	($637)	($510)	($128)
Alaska	($32)	($62)	$30	($111)	($169)	$58
Arizona	($201)	($768)	$567	($610)	($2,677)	$2,067
Arkansas	($78)	($380)	$302	($152)	($1,198)	$1,046
California	($1,894)	($2,292)	$398	($6,636)	($6,190)	($446)
Colorado	($91)	($271)	$180	($309)	($811)	$503
Connecticut	($182)	($798)	$616	($698)	($2,585)	$1,887
Delaware	($20)	($39)	$19	($54)	($37)	($17)
District of Columbi	($77)	($305)	$228	($256)	($989)	$733
Florida	($720)	($2,075)	$1,355	($2,243)	($7,941)	$5,698
Georgia	($466)	($1,908)	$1,442	($1,585)	($7,427)	$5,842
Hawaii	($50)	($162)	$112	($168)	($430)	$262
Idaho	($20)	($72)	$52	($42)	($256)	$214
Illinois	($526)	($1,622)	$1,096	($1,703)	($4,932)	$3,228
Indiana	($356)	($1,386)	$1,030	($1,308)	($5,558)	$4,250
Iowa	($77)	($332)	$256	($174)	($966)	$791
Kansas	($56)	($170)	$114	($211)	($324)	$112
Kentucky	($188)	($759)	$572	($490)	($2,699)	$2,208
Louisiana	($728)	($4,012)	$3,284	($3,230)	($18,915)	$15,685
Maine	($90)	($357)	$267	($328)	($1,099)	$771
Maryland	($222)	($784)	$563	($721)	($2,731)	$2,010
Massachusetts	($536)	($1,776)	$1,240	($2,047)	($5,909)	$3,862
Michigan	($501)	($1,510)	$1,009	($1,806)	($4,639)	$2,833
Minnesota	($213)	($878)	$665	($674)	($2,471)	$1,797
Mississippi	($204)	($374)	$170	($681)	($1,310)	$629
Missouri	($186)	($525)	$339	($910)	($1,532)	$622
Montana	($19)	($140)	$121	($32)	($430)	$398
Nebraska	($38)	($232)	$194	($91)	($584)	$493
Nevada	($26)	($46)	$20	($86)	$134	($220)
New Hampshire	($40)	($361)	$321	($309)	($1,825)	$1,517
New Jersey	($245)	($1,303)	$1,057	($1,082)	($3,868)	$2,785
New Mexico	($55)	($160)	$105	($111)	($479)	$368
New York	($1,968)	($6,885)	$4,918	($7,128)	($21,412)	$14,285
North Carolina	($144)	($1,786)	$1,642	($823)	($6,583)	$5,760
North Dakota	($18)	($85)	$68	($40)	($247)	$207
Ohio	($631)	($2,047)	$1,416	($2,355)	($7,002)	$4,647
Oklahoma	($80)	($113)	$34	($192)	($283)	$91
Oregon	($129)	($286)	$157	($369)	($336)	($33)
Pennsylvania	($629)	($1,823)	$1,194	($2,362)	($6,032)	$3,670
Rhode Island	($64)	($285)	$221	($246)	($851)	$606
South Carolina	($134)	($614)	$481	($610)	($2,252)	$1,642
South Dakota	($22)	($72)	$50	($49)	($129)	$80
Tennessee	($232)	($559)	$327	($585)	($635)	$50
Texas	($1,647)	($4,425)	$2,778	($5,840)	($16,363)	$10,522
Utah	($37)	($180)	$143	($77)	($575)	$497
Vermont	($37)	($87)	$49	($133)	($211)	$78
Virginia	($148)	($439)	$292	($482)	($1,340)	$858
Washington	($247)	($1,118)	$871	($855)	($3,648)	$2,793
West Virginia	($234)	($978)	$744	($819)	($3,818)	$3,000
Wisconsin	($290)	($631)	$341	($944)	($1,697)	$753
Wyoming	($8)	($57)	$49	($13)	($204)	$191

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

Estimates of the Republican Block Grant Spending come from the General Accounting Office, as of November 16, 1995..

OPTION 1: POLICY AS DRAFTED: FLAT 33% DSH CUT; PAGE 3
Change in Federal Medicaid Spending, 1996-2002
Cap on Spending per Beneficiary @ nominal GDP/capita +2%, 2%, 1%, 0% beginning in 1996
Separate Caps by Group, cap not applied in 1996; administrative costs included in the caps

DSH: Reduced in 1996; indexed to nominal GDP beginning in 1997

Split between Per Capita Cap and DSH Savings: 1996 - 2002

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	Cap Savings	*% reduction*	DSH Savings	*% reduction*	TOTAL	*% from Cap*	*from DSH*
Total	(30,562)	-4%	(22,858)	-31%	(53,420)	57%	43%
Alabama	(308)	-3%	(329)	-18%	(637)	48%	52%
Alaska	(80)	-5%	(32)	-38%	(111)	72%	28%
Arizona	(358)	-3%	(252)	-38%	(610)	59%	41%
Arkansas	(144)	-1%	(8)	-38%	(152)	95%	5%
California	(4,260)	-6%	(2,376)	-31%	(6,636)	64%	36%
Colorado	(100)	-2%	(209)	-38%	(309)	32%	68%
Connecticut	(354)	-3%	(344)	-24%	(698)	51%	49%
Delaware	(43)	-3%	(11)	-38%	(54)	80%	20%
District of Columbia	(159)	-4%	(97)	-38%	(256)	62%	38%
Florida	(1,678)	-4%	(565)	-38%	(2,243)	75%	25%
Georgia	(782)	-3%	(803)	-38%	(1,585)	49%	51%
Hawaii	(115)	-4%	(53)	-38%	(168)	68%	32%
Idaho	(41)	-2%	(1)	-38%	(42)	97%	3%
Illinois	(1,160)	-4%	(543)	-38%	(1,703)	68%	32%
Indiana	(631)	-3%	(677)	-38%	(1,308)	48%	52%
Iowa	(161)	-2%	(14)	-38%	(174)	92%	8%
Kansas	(69)	-1%	(142)	-22%	(211)	33%	67%
Kentucky	(317)	-2%	(173)	-38%	(490)	65%	35%
Louisiana	(2,150)	-7%	(1,080)	-18%	(3,230)	67%	33%
Maine	(180)	-3%	(148)	-22%	(328)	55%	45%
Maryland	(448)	-3%	(272)	-38%	(721)	62%	38%
Massachusetts	(1,170)	-5%	(878)	-38%	(2,047)	57%	43%
Michigan	(681)	-2%	(1,125)	-38%	(1,806)	38%	62%
Minnesota	(588)	-4%	(86)	-38%	(674)	87%	13%
Mississippi	(276)	-2%	(405)	-38%	(681)	41%	59%
Missouri	(432)	-3%	(479)	-18%	(910)	47%	53%
Montana	(31)	-1%	(1)	-38%	(32)	98%	2%
Nebraska	(72)	-2%	(19)	-38%	(91)	79%	21%
Nevada	(32)	-2%	(54)	-22%	(86)	38%	62%
New Hampshire	(98)	-4%	(211)	-18%	(309)	32%	68%
New Jersey	(510)	-2%	(572)	-18%	(1,082)	47%	53%
New Mexico	(90)	-2%	(21)	-38%	(111)	81%	19%
New York	(3,064)	-3%	(4,064)	-38%	(7,128)	43%	57%
North Carolina	-	0%	(823)	-38%	(823)	0%	100%
North Dakota	(37)	-2%	(3)	-38%	(40)	93%	7%
Ohio	(1,260)	-3%	(1,095)	-38%	(2,355)	53%	47%
Oklahoma	(132)	-2%	(60)	-38%	(192)	69%	31%
Oregon	(321)	-4%	(48)	-38%	(369)	87%	13%
Pennsylvania	(916)	-3%	(1,446)	-38%	(2,362)	39%	61%
Rhode Island	(80)	-2%	(166)	-38%	(246)	33%	67%
South Carolina	(231)	-2%	(379)	-18%	(610)	38%	62%
South Dakota	(49)	-2%	(1)	-38%	(49)	99%	1%
Tennessee	(585)	-3%	-	0%	(585)	100%	0%
Texas	(4,206)	-7%	(1,634)	-24%	(5,840)	72%	28%
Utah	(64)	-1%	(13)	-38%	(77)	83%	17%
Vermont	(92)	-5%	(41)	-38%	(133)	69%	31%
Virginia	(229)	-2%	(253)	-38%	(482)	48%	52%
Washington	(312)	-2%	(543)	-38%	(855)	36%	64%
West Virginia	(535)	-4%	(283)	-38%	(819)	65%	35%
Wisconsin	(919)	-6%	(26)	-38%	(944)	97%	3%
Wyoming	(13)	-1%	-	-	(13)	100%	0%

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OPTION 2: HIGH-DSH HIT; PAGE 1

Estimates of the Effects of the Medicaid Alternative Plan on States, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH capped at 7.5%

(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002				1996-2002			
	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction
Total	$175,810	$161,237	($14,573)	-8%	$954,749	$900,877	($53,873)	-6%
Alabama	$2,392	$2,132	($260)	-11%	$13,374	$12,008	($1,365)	-10%
Alaska	$337	$310	($27)	-8%	$1,826	$1,746	($80)	-4%
Arizona	$2,681	$2,524	($157)	-6%	$14,335	$13,977	($358)	-2%
Arkansas	$1,810	$1,733	($77)	-4%	$9,771	$9,628	($144)	-1%
California	$15,970	$14,129	($1,841)	-12%	$86,429	$79,860	($6,569)	-8%
Colorado	$1,301	$1,239	($63)	-5%	$7,176	$7,018	($158)	-2%
Connecticut	$2,486	$2,284	($202)	-8%	$13,674	$12,792	($883)	-6%
Delaware	$324	$306	($18)	-6%	$1,754	$1,711	($43)	-2%
District of Columbi	$884	$824	($60)	-7%	$4,789	$4,630	($159)	-3%
Florida	$7,755	$7,134	($621)	-8%	$40,984	$39,306	($1,678)	-4%
Georgia	$5,209	$4,855	($354)	-7%	$27,775	$26,725	($1,050)	-4%
Hawaii	$534	$494	($40)	-8%	$2,879	$2,764	($115)	-4%
Idaho	$498	$478	($20)	-4%	$2,705	$2,664	($41)	-2%
Illinois	$6,306	$5,875	($431)	-7%	$33,973	$32,813	($1,160)	-3%
Indiana	$3,975	$3,687	($288)	-7%	$21,627	$20,638	($989)	-5%
Iowa	$1,440	$1,366	($74)	-5%	$7,840	$7,679	($161)	-2%
Kansas	$1,117	$1,047	($70)	-6%	$6,197	$5,880	($317)	-5%
Kentucky	$2,989	$2,832	($158)	-5%	$16,073	$15,756	($317)	-2%
Louisiana	$6,921	$5,723	($1,197)	-17%	$37,733	$31,502	($6,231)	-17%
Maine	$1,158	$1,051	($107)	-9%	$6,363	$5,904	($459)	-7%
Maryland	$2,594	$2,420	($174)	-7%	$13,988	$13,540	($448)	-3%
Massachusetts	$5,088	$4,627	($461)	-9%	$27,714	$26,019	($1,696)	-6%
Michigan	$6,105	$5,690	($415)	-7%	$33,157	$31,723	($1,434)	-4%
Minnesota	$2,948	$2,750	($198)	-7%	$16,072	$15,484	($588)	-4%
Mississippi	$2,303	$2,135	($168)	-7%	$12,410	$11,896	($513)	-4%
Missouri	$3,009	$2,627	($382)	-13%	$16,870	$14,710	($2,161)	-13%
Montana	$562	$543	($19)	-3%	$3,033	$3,002	($31)	-1%
Nebraska	$774	$740	($35)	-4%	$4,246	$4,175	($72)	-2%
Nevada	$440	$410	($30)	-7%	$2,404	$2,283	($121)	-5%
New Hampshire	$736	$567	($169)	-23%	$4,365	$3,261	($1,105)	-25%
New Jersey	$4,597	$4,192	($405)	-9%	$25,636	$23,490	($2,146)	-8%
New Mexico	$1,130	$1,079	($51)	-5%	$6,084	$5,994	($90)	-1%
New York	$21,773	$20,075	($1,698)	-8%	$119,701	$113,822	($5,879)	-5%
North Carolina	$5,218	$5,218	$0	0%	$27,882	$27,731	($150)	-1%
North Dakota	$405	$388	($17)	-4%	$2,232	$2,195	($37)	-2%
Ohio	$7,397	$6,943	($454)	-6%	$40,202	$38,735	($1,467)	-4%
Oklahoma	$1,506	$1,437	($69)	-5%	$8,299	$8,167	($132)	-2%
Oregon	$1,730	$1,609	($121)	-7%	$9,318	$8,997	($321)	-3%
Pennsylvania	$7,641	$7,092	($549)	-7%	$42,204	$40,161	($2,044)	-5%
Rhode Island	$914	$867	($47)	-5%	$4,984	$4,815	($169)	-3%
South Carolina	$2,905	$2,657	($248)	-9%	$15,992	$14,608	($1,384)	-9%
South Dakota	$420	$399	($22)	-5%	$2,292	$2,243	($49)	-2%
Tennessee	$3,901	$3,669	($232)	-6%	$21,374	$20,789	($585)	-3%
Texas	$13,527	$11,817	($1,710)	-13%	$71,635	$65,102	($6,533)	-9%
Utah	$862	$828	($35)	-4%	$4,678	$4,613	($64)	-1%
Vermont	$392	$362	($30)	-8%	$2,130	$2,038	($92)	-4%
Virginia	$2,047	$1,943	($103)	-5%	$11,168	$10,939	($229)	-2%
Washington	$3,153	$2,962	($191)	-6%	$17,054	$16,463	($590)	-3%
West Virginia	$2,512	$2,327	($185)	-7%	$13,302	$12,766	($535)	-4%
Wisconsin	$2,898	$2,612	($286)	-10%	$15,767	$14,848	($919)	-6%
Wyoming	$235	$228	($8)	-3%	$1,280	$1,267	($13)	-1%

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

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OPTION 2: HIGH-DSH HIT; PAGE 2

Comparison of the Medicaid Alternative Plan & The Republicans' Plan, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH capped at 7.5%
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002			1996-2002		
	President's Plan Savings	Republicans' Plan Savings	Difference	President's Plan Savings	Republicans' Plan Savings	Difference
Total	($14,573)	($48,577)	$34,003	($53,873)	($164,974)	$111,102
Alabama	($260)	($247)	($13)	($1,365)	($510)	($856)
Alaska	($27)	($62)	$35	($80)	($169)	$89
Arizona	($157)	($768)	$611	($358)	($2,677)	$2,319
Arkansas	($77)	($380)	$303	($144)	($1,198)	$1,054
California	($1,841)	($2,292)	$451	($6,569)	($6,190)	($379)
Colorado	($63)	($271)	$208	($158)	($811)	$653
Connecticut	($202)	($798)	$596	($883)	($2,585)	$1,702
Delaware	($18)	($39)	$21	($43)	($37)	($6)
District of Columbi	($60)	($305)	$245	($159)	($989)	$830
Florida	($621)	($2,075)	$1,454	($1,678)	($7,941)	$6,263
Georgia	($354)	($1,908)	$1,554	($1,050)	($7,427)	$6,377
Hawaii	($40)	($162)	$121	($115)	($430)	$315
Idaho	($20)	($72)	$52	($41)	($256)	$215
Illinois	($431)	($1,622)	$1,191	($1,160)	($4,932)	$3,772
Indiana	($288)	($1,386)	$1,098	($989)	($5,558)	$4,569
Iowa	($74)	($332)	$258	($161)	($966)	$805
Kansas	($70)	($170)	$101	($317)	($324)	$6
Kentucky	($158)	($759)	$602	($317)	($2,699)	$2,381
Louisiana	($1,197)	($4,012)	$2,814	($6,231)	($18,915)	$12,684
Maine	($107)	($357)	$250	($459)	($1,099)	$640
Maryland	($174)	($784)	$610	($448)	($2,731)	$2,283
Massachusetts	($461)	($1,776)	$1,315	($1,696)	($5,909)	$4,214
Michigan	($415)	($1,510)	$1,095	($1,434)	($4,639)	$3,205
Minnesota	($198)	($878)	$680	($588)	($2,471)	$1,883
Mississippi	($168)	($374)	$206	($513)	($1,310)	$796
Missouri	($382)	($525)	$143	($2,161)	($1,532)	($628)
Montana	($19)	($140)	$121	($31)	($430)	$399
Nebraska	($35)	($232)	$198	($72)	($584)	$512
Nevada	($30)	($46)	$16	($121)	$134	($255)
New Hampshire	($169)	($361)	$192	($1,105)	($1,825)	$721
New Jersey	($405)	($1,303)	$898	($2,146)	($3,868)	$1,721
New Mexico	($51)	($160)	$108	($90)	($479)	$389
New York	($1,698)	($6,885)	$5,187	($5,879)	($21,412)	$15,534
North Carolina	$0	($1,786)	$1,786	($150)	($6,583)	$6,433
North Dakota	($17)	($85)	$68	($37)	($247)	$210
Ohio	($454)	($2,047)	$1,593	($1,467)	($7,002)	$5,535
Oklahoma	($69)	($113)	$44	($132)	($283)	$151
Oregon	($121)	($286)	$165	($321)	($336)	$15
Pennsylvania	($549)	($1,823)	$1,274	($2,044)	($6,032)	$3,989
Rhode Island	($47)	($285)	$238	($169)	($851)	$682
South Carolina	($248)	($614)	$366	($1,384)	($2,252)	$868
South Dakota	($22)	($72)	$50	($49)	($129)	$80
Tennessee	($232)	($559)	$327	($585)	($635)	$50
Texas	($1,710)	($4,425)	$2,715	($6,533)	($16,363)	$9,830
Utah	($35)	($180)	$145	($64)	($575)	$510
Vermont	($30)	($87)	$56	($92)	($211)	$119
Virginia	($103)	($439)	$336	($229)	($1,340)	$1,111
Washington	($191)	($1,118)	$928	($590)	($3,648)	$3,058
West Virginia	($185)	($978)	$793	($535)	($3,818)	$3,283
Wisconsin	($286)	($631)	$345	($919)	($1,697)	$779
Wyoming	($8)	($57)	$49	($13)	($204)	$191

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

Estimates of the Republican Block Grant Spending come from the General Accounting Office, as of November 16, 1995..

OPTION 2: HIGH-DSH HIT; PAGE 3

Change in Federal Medicaid Spending, 1996-2002

Cap on Spending per Beneficiary @ nominal GDP/capita +2%, 2%, 1%, 0% beginning in 1996

Separate Caps by Group, cap not applied in 1996; administrative costs included in the caps

DSH: Cap at 7.5% of non-DSH spending (no phase-in or exceptions)

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Split between Per Capita Cap and DSH Savings: 1996 - 2002

	Cap Savings	*% reduction*	DSH Savings	*% reduction*	TOTAL	*% from Cap*	*from DSH*
Total	(30,562)	-4%	(23,310)	-31%	(53,873)	57%	43%
Alabama	(308)	-3%	(1,057)	-56%	(1,365)	23%	77%
Alaska	(80)	-5%	-	0%	(80)	100%	0%
Arizona	(358)	-3%	(0)	0%	(358)	100%	0%
Arkansas	(144)	-1%	0	0%	(144)	100%	0%
California	(4,260)	-6%	(2,308)	-30%	(6,569)	65%	35%
Colorado	(100)	-2%	(59)	-11%	(158)	63%	37%
Connecticut	(354)	-3%	(529)	-38%	(883)	40%	60%
Delaware	(43)	-3%	-	0%	(43)	100%	0%
District of Columbia	(159)	-4%	-	0%	(159)	100%	0%
Florida	(1,678)	-4%	(0)	0%	(1,678)	100%	0%
Georgia	(782)	-3%	(268)	-13%	(1,050)	74%	26%
Hawaii	(115)	-4%	-	0%	(115)	100%	0%
Idaho	(41)	-2%	-	0%	(41)	100%	0%
Illinois	(1,160)	-4%	-	0%	(1,160)	100%	0%
Indiana	(631)	-3%	(358)	-20%	(989)	64%	36%
Iowa	(161)	-2%	-	0%	(161)	100%	0%
Kansas	(69)	-1%	(248)	-38%	(317)	22%	78%
Kentucky	(317)	-2%	0	0%	(317)	100%	0%
Louisiana	(2,150)	-7%	(4,081)	-66%	(6,231)	35%	65%
Maine	(180)	-3%	(280)	-41%	(459)	39%	61%
Maryland	(448)	-3%	-	0%	(448)	100%	0%
Massachusetts	(1,170)	-5%	(526)	-23%	(1,696)	69%	31%
Michigan	(681)	-2%	(753)	-26%	(1,434)	48%	52%
Minnesota	(588)	-4%	(0)	0%	(588)	100%	0%
Mississippi	(276)	-2%	(237)	-22%	(513)	54%	46%
Missouri	(432)	-3%	(1,729)	-63%	(2,161)	20%	80%
Montana	(31)	-1%	-	0%	(31)	100%	0%
Nebraska	(72)	-2%	0	0%	(72)	100%	0%
Nevada	(32)	-2%	(88)	-36%	(121)	27%	73%
New Hampshire	(98)	-4%	(1,006)	-84%	(1,105)	9%	91%
New Jersey	(510)	-2%	(1,636)	-50%	(2,146)	24%	76%
New Mexico	(90)	-2%	0	0%	(90)	100%	0%
New York	(3,064)	-3%	(2,815)	-27%	(5,879)	52%	48%
North Carolina	-	0%	(150)	-7%	(150)	0%	100%
North Dakota	(37)	-2%	-	0%	(37)	100%	0%
Ohio	(1,260)	-3%	(208)	-7%	(1,467)	86%	14%
Oklahoma	(132)	-2%	-	0%	(132)	100%	0%
Oregon	(321)	-4%	-	0%	(321)	100%	0%
Pennsylvania	(916)	-3%	(1,127)	-30%	(2,044)	45%	55%
Rhode Island	(80)	-2%	(89)	-21%	(169)	47%	53%
South Carolina	(231)	-2%	(1,153)	-53%	(1,384)	17%	83%
South Dakota	(49)	-2%	0	0%	(49)	100%	0%
Tennessee	(585)	-3%	-	0%	(585)	100%	0%
Texas	(4,206)	-7%	(2,326)	-35%	(6,533)	64%	36%
Utah	(64)	-1%	-	0%	(64)	100%	0%
Vermont	(92)	-5%	0	0%	(92)	100%	0%
Virginia	(229)	-2%	-	0%	(229)	100%	0%
Washington	(312)	-2%	(278)	-20%	(590)	53%	47%
West Virginia	(535)	-4%	-	0%	(535)	100%	0%
Wisconsin	(919)	-6%	(0)	0%	(919)	100%	0%
Wyoming	(13)	-1%	-	-	(13)	100%	0%

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OPTION 3: GRADUATED, EQUAL DSH HIT; PAGE 1

Estimates of the Effects of the Medicaid Alternative Plan on States, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced and indexed to CPI

(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002				1996-2002			
	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction
Total	$175,810	$160,290	($15,520)	-9%	$954,749	$900,947	($53,802)	-6%
Alabama	$2,392	$2,194	($197)	-8%	$13,374	$12,497	($877)	-7%
Alaska	$337	$305	($32)	-9%	$1,826	$1,721	($105)	-6%
Arizona	$2,681	$2,485	($196)	-7%	$14,335	$13,776	($559)	-4%
Arkansas	$1,810	$1,732	($78)	-4%	$9,771	$9,625	($146)	-1%
California	$15,970	$14,137	($1,833)	-11%	$86,429	$80,458	($5,970)	-7%
Colorado	$1,301	$1,214	($87)	-7%	$7,176	$6,910	($266)	-4%
Connecticut	$2,486	$2,270	($216)	-9%	$13,674	$12,812	($862)	-6%
Delaware	$324	$305	($19)	-6%	$1,754	$1,707	($47)	-3%
District of Columbi	$884	$808	($75)	-9%	$4,789	$4,553	($236)	-5%
Florida	$7,755	$7,086	($669)	-9%	$40,984	$39,112	($1,872)	-5%
Georgia	$5,209	$4,758	($451)	-9%	$27,775	$26,355	($1,421)	-5%
Hawaii	$534	$486	($49)	-9%	$2,879	$2,721	($157)	-5%
Idaho	$498	$478	($20)	-4%	$2,705	$2,663	($41)	-2%
Illinois	$6,306	$5,790	($516)	-8%	$33,973	$32,381	($1,592)	-5%
Indiana	$3,975	$3,632	($343)	-9%	$21,627	$20,457	($1,170)	-5%
Iowa	$1,440	$1,365	($75)	-5%	$7,840	$7,674	($165)	-2%
Kansas	$1,117	$1,044	($73)	-7%	$6,197	$5,906	($291)	-5%
Kentucky	$2,989	$2,817	($172)	-6%	$16,073	$15,696	($377)	-2%
Louisiana	$6,921	$5,817	($1,103)	-16%	$37,733	$32,666	($5,067)	-13%
Maine	$1,158	$1,051	($107)	-9%	$6,363	$5,953	($410)	-6%
Maryland	$2,594	$2,377	($217)	-8%	$13,988	$13,324	($665)	-5%
Massachusetts	$5,088	$4,568	($520)	-10%	$27,714	$25,846	($1,868)	-7%
Michigan	$6,105	$5,625	($480)	-8%	$33,157	$31,581	($1,576)	-5%
Minnesota	$2,948	$2,742	($205)	-7%	$16,072	$15,454	($617)	-4%
Mississippi	$2,303	$2,107	($196)	-9%	$12,410	$11,812	($598)	-5%
Missouri	$3,009	$2,749	($260)	-9%	$16,870	$15,612	($1,259)	-7%
Montana	$562	$543	($19)	-3%	$3,033	$3,002	($31)	-1%
Nebraska	$774	$738	($36)	-5%	$4,246	$4,168	($78)	-2%
Nevada	$440	$408	($32)	-7%	$2,404	$2,288	($116)	-5%
New Hampshire	$736	$623	($113)	-15%	$4,365	$3,698	($667)	-15%
New Jersey	$4,597	$4,264	($333)	-7%	$25,636	$24,138	($1,498)	-6%
New Mexico	$1,130	$1,077	($53)	-5%	$6,084	$5,987	($97)	-2%
New York	$21,773	$19,881	($1,892)	-9%	$119,701	$113,404	($6,297)	-5%
North Carolina	$5,218	$5,089	($129)	-2%	$27,882	$27,227	($655)	-2%
North Dakota	$405	$388	($17)	-4%	$2,232	$2,194	($38)	-2%
Ohio	$7,397	$6,787	($610)	-8%	$40,202	$38,071	($2,131)	-5%
Oklahoma	$1,506	$1,432	($74)	-5%	$8,299	$8,146	($153)	-2%
Oregon	$1,730	$1,605	($125)	-7%	$9,318	$8,981	($337)	-4%
Pennsylvania	$7,641	$7,040	($602)	-8%	$42,204	$40,138	($2,067)	-5%
Rhode Island	$914	$854	($61)	-7%	$4,984	$4,772	($212)	-4%
South Carolina	$2,905	$2,714	($192)	-7%	$15,992	$15,107	($886)	-6%
South Dakota	$420	$398	($22)	-5%	$2,292	$2,243	($49)	-2%
Tennessee	$3,901	$3,669	($232)	-6%	$21,374	$20,789	($585)	-3%
Texas	$13,527	$11,715	($1,812)	-13%	$71,635	$65,013	($6,622)	-9%
Utah	$862	$826	($36)	-4%	$4,678	$4,609	($69)	-1%
Vermont	$392	$355	($37)	-9%	$2,130	$2,006	($124)	-6%
Virginia	$2,047	$1,904	($143)	-7%	$11,168	$10,738	($430)	-4%
Washington	$3,153	$2,917	($237)	-8%	$17,054	$16,309	($744)	-4%
West Virginia	$2,512	$2,283	($229)	-9%	$13,302	$12,541	($761)	-6%
Wisconsin	$2,898	$2,610	($288)	-10%	$15,767	$14,839	($928)	-6%
Wyoming	$235	$228	($8)	-3%	$1,280	$1,267	($13)	-1%

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

DSH: DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 15% & 35% of non-DSH: 40% reduction;

DSH between 15% & 35% of non-DSH: 20% reduction; DSH less than 5%, no reduction. Indexed to CPI

DRAFT

OPTION 3: GRADUATED, EQUAL DSH HIT; PAGE 2

Comparison of the Medicaid Alternative Plan & The Republicans' Plan, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced and indexed to CPI
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002			1996-2002		
	President's Plan Savings	Republicans' Plan Savings	Difference	President's Plan Savings	Republicans' Plan Savings	Difference
Total	($15,520)	($48,577)	$33,056	($53,802)	($164,974)	$111,172
Alabama	($197)	($247)	$49	($877)	($510)	($367)
Alaska	($32)	($62)	$30	($105)	($169)	$64
Arizona	($196)	($768)	$572	($559)	($2,677)	$2,118
Arkansas	($78)	($380)	$303	($146)	($1,198)	$1,051
California	($1,833)	($2,292)	$459	($5,970)	($6,190)	$220
Colorado	($87)	($271)	$183	($266)	($811)	$545
Connecticut	($216)	($798)	$582	($862)	($2,585)	$1,722
Delaware	($19)	($39)	$20	($47)	($37)	($10)
District of Columbi	($75)	($305)	$230	($236)	($989)	$753
Florida	($669)	($2,075)	$1,406	($1,872)	($7,941)	$6,069
Georgia	($451)	($1,908)	$1,457	($1,421)	($7,427)	$6,006
Hawaii	($49)	($162)	$113	($157)	($430)	$273
Idaho	($20)	($72)	$52	($41)	($256)	$215
Illinois	($516)	($1,622)	$1,106	($1,592)	($4,932)	$3,339
Indiana	($343)	($1,386)	$1,043	($1,170)	($5,558)	$4,388
Iowa	($75)	($332)	$257	($165)	($966)	$800
Kansas	($73)	($170)	$97	($291)	($324)	$33
Kentucky	($172)	($759)	$587	($377)	($2,699)	$2,322
Louisiana	($1,103)	($4,012)	$2,908	($5,067)	($18,915)	$13,848
Maine	($107)	($357)	$250	($410)	($1,099)	$689
Maryland	($217)	($784)	$568	($665)	($2,731)	$2,066
Massachusetts	($520)	($1,776)	$1,256	($1,868)	($5,909)	$4,041
Michigan	($480)	($1,510)	$1,030	($1,576)	($4,639)	$3,063
Minnesota	($205)	($878)	$673	($617)	($2,471)	$1,853
Mississippi	($196)	($374)	$178	($598)	($1,310)	$712
Missouri	($260)	($525)	$266	($1,259)	($1,532)	$274
Montana	($19)	($140)	$121	($31)	($430)	$399
Nebraska	($36)	($232)	$196	($78)	($584)	$506
Nevada	($32)	($46)	$14	($116)	$134	($250)
New Hampshire	($113)	($361)	$248	($667)	($1,825)	$1,159
New Jersey	($333)	($1,303)	$970	($1,498)	($3,868)	$2,369
New Mexico	($53)	($160)	$107	($97)	($479)	$382
New York	($1,892)	($6,885)	$4,994	($6,297)	($21,412)	$15,116
North Carolina	($129)	($1,786)	$1,657	($655)	($6,583)	$5,929
North Dakota	($17)	($85)	$68	($38)	($247)	$209
Ohio	($610)	($2,047)	$1,437	($2,131)	($7,002)	$4,871
Oklahoma	($74)	($113)	$39	($153)	($283)	$130
Oregon	($125)	($286)	$161	($337)	($336)	($1)
Pennsylvania	($602)	($1,823)	$1,221	($2,067)	($6,032)	$3,966
Rhode Island	($61)	($285)	$224	($212)	($851)	$640
South Carolina	($192)	($614)	$423	($886)	($2,252)	$1,366
South Dakota	($22)	($72)	$50	($49)	($129)	$80
Tennessee	($232)	($559)	$327	($585)	($635)	$50
Texas	($1,812)	($4,425)	$2,613	($6,622)	($16,363)	$9,740
Utah	($36)	($180)	$144	($69)	($575)	$506
Vermont	($37)	($87)	$50	($124)	($211)	$87
Virginia	($143)	($439)	$296	($430)	($1,340)	$910
Washington	($237)	($1,118)	$882	($744)	($3,648)	$2,904
West Virginia	($229)	($978)	$749	($761)	($3,818)	$3,058
Wisconsin	($288)	($631)	$343	($928)	($1,697)	$770
Wyoming	($8)	($57)	$49	($13)	($204)	$191

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

Estimates of the Republican Block Grant Spending come from the General Accounting Office, as of November 16, 1995..

DSH: DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 15% & 35% of non-DSH: 40% reduction;

DSH between 15% & 35% of non-DSH: 20% reduction; DSH less than 5%, no reduction Indexed to CPI

DRAFT

OPTION 3: GRADUATED, EQUAL DSH HIT; PAGE 3
Change in Federal Medicaid Spending, 1996-2002
Cap on Spending per Beneficiary @ nominal GDP/capita +2%, 2%, 1%, 0% beginning in 1996
Separate Caps by Group, cap not applied in 1996; administrative costs included in the caps

DSH: 95 DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 15% & 35% of non-DSH: 40% reduction; 5-15% of Non-DSH: 20% reduction; no reduction for < 5% of non-DSH. Index: CPI
Split between Per Capita Cap and DSH Savings: 1996 - 2002

	Cap Savings	*% reduction*	DSH Savings	*% reduction*	TOTAL	*% from Cap*	*from DS*
Total	(30,562)	-4%	(23,240)	-31%	(53,802)	57%	43%
Alabama	(308)	-3%	(569)	-30%	(877)	35%	65%
Alaska	(80)	-5%	(25)	-31%	(105)	76%	24%
Arizona	(358)	-3%	(201)	-31%	(559)	64%	36%
Arkansas	(144)	-1%	(3)	-13%	(146)	98%	2%
California	(4,260)	-6%	(1,710)	-22%	(5,970)	71%	29%
Colorado	(100)	-2%	(166)	-31%	(266)	37%	63%
Connecticut	(354)	-3%	(509)	-36%	(862)	41%	59%
Delaware	(43)	-3%	(4)	-13%	(47)	92%	8%
District of Columbia	(159)	-4%	(77)	-31%	(236)	67%	33%
Florida	(1,678)	-4%	(193)	-13%	(1,872)	90%	10%
Georgia	(782)	-3%	(639)	-31%	(1,421)	55%	45%
Hawaii	(115)	-4%	(42)	-31%	(157)	73%	27%
Idaho	(41)	-2%	(0)	-13%	(41)	99%	1%
Illinois	(1,160)	-4%	(432)	-31%	(1,592)	73%	27%
Indiana	(631)	-3%	(539)	-31%	(1,170)	54%	46%
Iowa	(161)	-2%	(5)	-13%	(165)	97%	3%
Kansas	(69)	-1%	(221)	-34%	(291)	24%	76%
Kentucky	(317)	-2%	(59)	-13%	(377)	84%	16%
Louisiana	(2,150)	-7%	(2,917)	-47%	(5,067)	42%	58%
Maine	(180)	-3%	(231)	-34%	(410)	44%	56%
Maryland	(448)	-3%	(217)	-31%	(665)	67%	33%
Massachusetts	(1,170)	-5%	(698)	-31%	(1,868)	63%	37%
Michigan	(681)	-2%	(895)	-31%	(1,576)	43%	57%
Minnesota	(588)	-4%	(30)	-13%	(617)	95%	5%
Mississippi	(276)	-2%	(322)	-31%	(598)	46%	54%
Missouri	(432)	-3%	(827)	-30%	(1,259)	34%	66%
Montana	(31)	-1%	(0)	-13%	(31)	99%	1%
Nebraska	(72)	-2%	(7)	-13%	(78)	91%	9%
Nevada	(32)	-2%	(83)	-34%	(116)	28%	72%
New Hampshire	(98)	-4%	(569)	-47%	(667)	15%	85%
New Jersey	(510)	-2%	(989)	-30%	(1,498)	34%	66%
New Mexico	(90)	-2%	(7)	-13%	(97)	93%	7%
New York	(3,064)	-3%	(3,233)	-31%	(6,297)	49%	51%
North Carolina	-	0%	(655)	-31%	(655)	0%	100%
North Dakota	(37)	-2%	(1)	-13%	(38)	97%	3%
Ohio	(1,260)	-3%	(871)	-31%	(2,131)	59%	41%
Oklahoma	(132)	-2%	(21)	-13%	(153)	87%	13%
Oregon	(321)	-4%	(16)	-13%	(337)	95%	5%
Pennsylvania	(916)	-3%	(1,150)	-31%	(2,067)	44%	56%
Rhode Island	(80)	-2%	(132)	-31%	(212)	38%	62%
South Carolina	(231)	-2%	(655)	-30%	(886)	26%	74%
South Dakota	(49)	-2%	(0)	-13%	(49)	100%	0%
Tennessee	(585)	-3%	-	0%	(585)	100%	0%
Texas	(4,206)	-7%	(2,416)	-36%	(6,622)	64%	36%
Utah	(64)	-1%	(4)	-13%	(69)	94%	6%
Vermont	(92)	-5%	(32)	-31%	(124)	74%	26%
Virginia	(229)	-2%	(201)	-31%	(430)	53%	47%
Washington	(312)	-2%	(432)	-31%	(744)	42%	58%
West Virginia	(535)	-4%	(225)	-31%	(761)	70%	30%
Wisconsin	(919)	-6%	(9)	-13%	(928)	99%	1%
Wyoming	(13)	-1%	-	-	(13)	100%	0%

DRAFT

OPTION 4: MODIFIED 33%; IMMIGRANT POOL: PAGE 1

Estimates of the Effects of the Medicaid Alternative on States, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced, indexed to CPI; plus Immigrant Pool
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002				1996-2002			
	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction
Total	$175,810	$159,923	($15,887)	-9%	$954,749	$900,607	($54,142)	-6%
Alabama	$2,392	$2,217	($175)	-7%	$13,374	$12,643	($731)	-5%
Alaska	$337	$306	($31)	-9%	$1,826	$1,728	($98)	-5%
Arizona	$2,681	$2,494	($187)	-7%	$14,335	$13,870	($465)	-3%
Arkansas	$1,810	$1,732	($78)	-4%	$9,771	$9,623	($148)	-2%
California	$15,970	$13,982	($1,987)	-12%	$86,429	$80,392	($6,037)	-7%
Colorado	$1,301	$1,221	($80)	-6%	$7,176	$6,972	($205)	-3%
Connecticut	$2,486	$2,286	($201)	-8%	$13,674	$12,912	($762)	-6%
Delaware	$324	$305	($19)	-6%	$1,754	$1,705	($49)	-3%
District of Columbi	$884	$812	($72)	-8%	$4,789	$4,575	($214)	-4%
Florida	$7,755	$7,066	($689)	-9%	$40,984	$39,189	($1,795)	-4%
Georgia	$5,209	$4,720	($489)	-9%	$27,775	$26,130	($1,645)	-6%
Hawaii	$534	$488	($47)	-9%	$2,879	$2,734	($145)	-5%
Idaho	$498	$478	($20)	-4%	$2,705	$2,663	($42)	-2%
Illinois	$6,306	$5,809	($496)	-8%	$33,973	$32,616	($1,357)	-4%
Indiana	$3,975	$3,600	($375)	-9%	$21,627	$20,252	($1,374)	-6%
Iowa	$1,440	$1,364	($76)	-5%	$7,840	$7,671	($169)	-2%
Kansas	$1,117	$1,051	($65)	-6%	$6,197	$5,955	($242)	-4%
Kentucky	$2,989	$2,811	($178)	-6%	$16,073	$15,657	($416)	-3%
Louisiana	$6,921	$5,817	($1,103)	-16%	$37,733	$32,666	($5,067)	-13%
Maine	$1,158	$1,059	($99)	-9%	$6,363	$6,003	($360)	-6%
Maryland	$2,594	$2,387	($207)	-8%	$13,988	$13,402	($586)	-4%
Massachusetts	$5,088	$4,527	($561)	-11%	$27,714	$25,610	($2,104)	-8%
Michigan	$6,105	$5,572	($533)	-9%	$33,157	$31,241	($1,916)	-6%
Minnesota	$2,948	$2,739	($208)	-7%	$16,072	$15,435	($637)	-4%
Mississippi	$2,303	$2,088	($215)	-9%	$12,410	$11,689	($720)	-6%
Missouri	$3,009	$2,783	($226)	-8%	$16,870	$15,823	($1,047)	-6%
Montana	$562	$543	($19)	-3%	$3,033	$3,002	($31)	-1%
Nebraska	$774	$737	($37)	-5%	$4,246	$4,164	($83)	-2%
Nevada	$440	$411	($29)	-7%	$2,404	$2,306	($98)	-4%
New Hampshire	$736	$623	($113)	-15%	$4,365	$3,698	($667)	-15%
New Jersey	$4,597	$4,303	($293)	-6%	$25,636	$24,465	($1,172)	-5%
New Mexico	$1,130	$1,076	($54)	-5%	$6,084	$5,994	($90)	-1%
New York	$21,773	$19,689	($2,084)	-10%	$119,701	$112,463	($7,237)	-6%
North Carolina	$5,218	$5,050	($168)	-3%	$27,882	$26,978	($903)	-3%
North Dakota	$405	$388	($17)	-4%	$2,232	$2,193	($39)	-2%
Ohio	$7,397	$6,826	($571)	-8%	$40,202	$38,319	($1,883)	-5%
Oklahoma	$1,506	$1,430	($76)	-5%	$8,299	$8,133	($166)	-2%
Oregon	$1,730	$1,603	($127)	-7%	$9,318	$8,982	($335)	-4%
Pennsylvania	$7,641	$6,971	($670)	-9%	$42,204	$39,701	($2,503)	-6%
Rhode Island	$914	$846	($68)	-7%	$4,984	$4,722	($262)	-5%
South Carolina	$2,905	$2,740	($165)	-6%	$15,992	$15,274	($718)	-4%
South Dakota	$420	$398	($22)	-5%	$2,292	$2,243	($49)	-2%
Tennessee	$3,901	$3,669	($232)	-6%	$21,374	$20,789	($585)	-3%
Texas	$13,527	$11,789	($1,738)	-13%	$71,635	$65,715	($5,920)	-8%
Utah	$862	$826	($36)	-4%	$4,678	$4,606	($72)	-2%
Vermont	$392	$357	($35)	-9%	$2,130	$2,015	($115)	-5%
Virginia	$2,047	$1,913	($134)	-7%	$11,168	$10,817	($351)	-3%
Washington	$3,153	$2,891	($262)	-8%	$17,054	$16,164	($889)	-5%
West Virginia	$2,512	$2,293	($219)	-9%	$13,302	$12,605	($696)	-5%
Wisconsin	$2,898	$2,609	($289)	-10%	$15,767	$14,833	($933)	-6%
Wyoming	$235	$228	($8)	-3%	$1,280	$1,267	($13)	-1%

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

DSH: DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 10% & 35% of non-DSH: 33% reduction indexed to CPI; DSH less than 10%, 10% reduction indexed to CPI

Undocumented pool. [same allocation to states as in Medigrant proposal]

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OPTION 4: MODIFIED 33%; IMMIGRANT POOL: PAGE 2

Comparison of the Medicaid Alternative & The Republicans' Plan, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH reduced, Indexed to CPI; plus Immigrant Pool
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002			1996-2002		
	President's Plan Savings	Republicans' Plan Savings	Difference	President's Plan Savings	Republicans' Plan Savings	Difference
Total	($15,887)	($48,577)	$32,689	($54,142)	($164,974)	$110,832
Alabama	($175)	($247)	$72	($731)	($510)	($222)
Alaska	($31)	($62)	$31	($98)	($169)	$71
Arizona	($187)	($768)	$581	($465)	($2,677)	$2,211
Arkansas	($78)	($380)	$302	($148)	($1,198)	$1,050
California	($1,987)	($2,292)	$305	($6,037)	($6,190)	$153
Colorado	($80)	($271)	$191	($205)	($811)	$607
Connecticut	($201)	($798)	$597	($762)	($2,585)	$1,822
Delaware	($19)	($39)	$20	($49)	($37)	($12)
District of Columbia	($72)	($305)	$233	($214)	($989)	$775
Florida	($689)	($2,075)	$1,386	($1,795)	($7,941)	$6,146
Georgia	($489)	($1,908)	$1,419	($1,645)	($7,427)	$5,782
Hawaii	($47)	($162)	$115	($145)	($430)	$285
Idaho	($20)	($72)	$52	($42)	($256)	$215
Illinois	($496)	($1,622)	$1,126	($1,357)	($4,932)	$3,574
Indiana	($375)	($1,386)	$1,011	($1,374)	($5,558)	$4,184
Iowa	($76)	($332)	$257	($169)	($966)	$797
Kansas	($65)	($170)	$105	($242)	($324)	$81
Kentucky	($178)	($759)	$581	($416)	($2,699)	$2,283
Louisiana	($1,103)	($4,012)	$2,908	($5,067)	($18,915)	$13,848
Maine	($99)	($357)	$258	($360)	($1,099)	$739
Maryland	($207)	($784)	$577	($586)	($2,731)	$2,145
Massachusetts	($561)	($1,776)	$1,215	($2,104)	($5,909)	$3,805
Michigan	($533)	($1,510)	$976	($1,916)	($4,639)	$2,723
Minnesota	($208)	($878)	$669	($637)	($2,471)	$1,834
Mississippi	($215)	($374)	$159	($720)	($1,310)	$589
Missouri	($226)	($525)	$299	($1,047)	($1,532)	$485
Montana	($19)	($140)	$121	($31)	($430)	$399
Nebraska	($37)	($232)	$195	($83)	($584)	$501
Nevada	($29)	($46)	$17	($98)	$134	($232)
New Hampshire	($113)	($361)	$248	($667)	($1,825)	$1,159
New Jersey	($293)	($1,303)	$1,009	($1,172)	($3,868)	$2,696
New Mexico	($54)	($160)	$106	($90)	($479)	$389
New York	($2,084)	($6,885)	$4,801	($7,237)	($21,412)	$14,175
North Carolina	($168)	($1,786)	$1,618	($903)	($6,583)	$5,680
North Dakota	($17)	($85)	$68	($39)	($247)	$208
Ohio	($571)	($2,047)	$1,476	($1,883)	($7,002)	$5,119
Oklahoma	($76)	($113)	$37	($166)	($283)	$117
Oregon	($127)	($286)	$159	($335)	($336)	$1
Pennsylvania	($670)	($1,823)	$1,153	($2,503)	($6,032)	$3,529
Rhode Island	($68)	($285)	$216	($262)	($851)	$590
South Carolina	($165)	($614)	$449	($718)	($2,252)	$1,534
South Dakota	($22)	($72)	$50	($49)	($129)	$80
Tennessee	($232)	($559)	$327	($585)	($635)	$50
Texas	($1,738)	($4,425)	$2,688	($5,920)	($16,363)	$10,443
Utah	($36)	($180)	$143	($72)	($575)	$503
Vermont	($35)	($87)	$51	($115)	($211)	$96
Virginia	($134)	($439)	$305	($351)	($1,340)	$989
Washington	($262)	($1,118)	$856	($889)	($3,648)	$2,759
West Virginia	($219)	($978)	$759	($696)	($3,818)	$3,122
Wisconsin	($289)	($631)	$342	($933)	($1,697)	$764
Wyoming	($8)	($57)	$49	($13)	($204)	$191

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

Estimates of the Republican Block Grant Spending come from the General Accounting Office, as of November 16, 1995..

DSH: DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 10% & 35% of non-DSH: 33% reduction indexed to CPI; DSH less than 10%, 10% reduction indexed to CPI

Undocumented pool: [same allocation to states as in Medigrant proposal]

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OPTION 4: MODIFIED 33%; IMMIGRANT POOL: PAGE 3
Change in Federal Medicaid Spending, 1996-2002
Cap on Spending per Beneficiary @ nominal GDP/capita +2%, 2%, 1%, 0% beginning in 1996
Separate Caps by Group, cap not applied in 1996; administrative costs included in the caps

DSH: DSH > 35% of non-DSH: 50% reduction, no growth; DSH between 10% & 35% of non-DSH: 33% reduction indexed to CPI; DSH less than 10%, 10% reduction indexed to CPI

Split between Per Capita Cap and DSH Savings: 1996 - 2002

	Cap Savings	*% reduction*	DSH Savings	*% reduction*	Suppl Pool	TOTAL	*% from Cap*	*from DS*
Total	(30,562)	-4%	(25,580)	-34%	2,000	(54,142)	54%	46%
Alabama	(308)	-3%	(423)	-23%	-	(731)	42%	58%
Alaska	(80)	-5%	(18)	-22%	-	(98)	82%	18%
Arizona	(358)	-3%	(144)	-22%	36	(465)	71%	29%
Arkansas	(144)	-1%	(5)	-22%	-	(148)	97%	3%
California	(4,260)	-6%	(2,693)	-35%	917	(6,037)	61%	39%
Colorado	(100)	-2%	(119)	-22%	14	(205)	46%	54%
Connecticut	(354)	-3%	(409)	-29%	-	(762)	46%	54%
Delaware	(43)	-3%	(6)	-22%	-	(49)	88%	12%
District of Columbia	(159)	-4%	(55)	-22%	-	(214)	74%	26%
Florida	(1,678)	-4%	(321)	-22%	205	(1,795)	84%	16%
Georgia	(782)	-3%	(882)	-42%	18	(1,645)	47%	53%
Hawaii	(115)	-4%	(30)	-22%	-	(145)	79%	21%
Idaho	(41)	-2%	(1)	-22%	-	(42)	98%	2%
Illinois	(1,160)	-4%	(309)	-22%	112	(1,357)	79%	21%
Indiana	(631)	-3%	(743)	-42%	-	(1,374)	46%	54%
Iowa	(161)	-2%	(8)	-22%	-	(169)	95%	5%
Kansas	(69)	-1%	(173)	-26%	-	(242)	29%	71%
Kentucky	(317)	-2%	(98)	-22%	-	(416)	76%	24%
Louisiana	(2,150)	-7%	(2,917)	-47%	-	(5,067)	42%	58%
Maine	(180)	-3%	(180)	-26%	-	(360)	50%	50%
Maryland	(448)	-3%	(155)	-22%	17	(586)	74%	26%
Massachusetts	(1,170)	-5%	(963)	-42%	29	(2,104)	55%	45%
Michigan	(681)	-2%	(1,234)	-42%	-	(1,916)	36%	64%
Minnesota	(588)	-4%	(49)	-22%	-	(637)	92%	8%
Mississippi	(276)	-2%	(444)	-42%	-	(720)	38%	62%
Missouri	(432)	-3%	(615)	-23%	-	(1,047)	41%	59%
Montana	(31)	-1%	(0)	-22%	-	(31)	99%	1%
Nebraska	(72)	-2%	(11)	-22%	-	(83)	87%	13%
Nevada	(32)	-2%	(65)	-26%	-	(98)	33%	67%
New Hampshire	(98)	-4%	(569)	-47%	-	(667)	15%	85%
New Jersey	(510)	-2%	(736)	-23%	74	(1,172)	41%	59%
New Mexico	(90)	-2%	(12)	-22%	12	(90)	88%	12%
New York	(3,064)	-3%	(4,459)	-42%	286	(7,237)	41%	59%
North Carolina	-	0%	(903)	-42%	-	(903)	0%	100%
North Dakota	(37)	-2%	(2)	-22%	-	(39)	96%	4%
Ohio	(1,260)	-3%	(623)	-22%	-	(1,883)	67%	33%
Oklahoma	(132)	-2%	(34)	-22%	-	(166)	79%	21%
Oregon	(321)	-4%	(27)	-22%	13	(335)	92%	8%
Pennsylvania	(916)	-3%	(1,587)	-42%	-	(2,503)	37%	63%
Rhode Island	(80)	-2%	(182)	-42%	-	(262)	31%	69%
South Carolina	(231)	-2%	(487)	-23%	-	(718)	32%	68%
South Dakota	(49)	-2%	(0)	-22%	-	(49)	99%	1%
Tennessee	(585)	-3%	-	0%	-	(585)	100%	0%
Texas	(4,206)	-7%	(1,941)	-29%	227	(5,920)	68%	32%
Utah	(64)	-1%	(7)	-22%	-	(72)	90%	10%
Vermont	(92)	-5%	(23)	-22%	-	(115)	80%	20%
Virginia	(229)	-2%	(144)	-22%	22	(351)	61%	39%
Washington	(312)	-2%	(596)	-42%	19	(889)	34%	66%
West Virginia	(535)	-4%	(161)	-22%	-	(696)	77%	23%
Wisconsin	(919)	-6%	(15)	-22%	-	(933)	98%	2%
Wyoming	(13)	-1%	-	-	-	(13)	100%	0%

OPTION 5: MODIFIED NAPH; PAGE 1

Estimates of the Effects of the Medicaid Alternative Plan on States, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH: Modified NAPH allocation

(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002				1996-2002			
	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction	Baseline Spending	Proposed Spending	Federal Savings	Percent Reduction
Total	$175,810	$160,507	($15,303)	-9%	$954,749	$900,984	($53,766)	-6%
Alabama	$2,392	$2,257	($134)	-6%	$13,374	$12,957	($417)	-3%
Alaska	$337	$298	($39)	-11%	$1,826	$1,678	($148)	-8%
Arizona	$2,681	$2,524	($157)	-6%	$14,335	$13,977	($358)	-2%
Arkansas	$1,810	$1,733	($77)	-4%	$9,771	$9,628	($144)	-1%
California	$15,970	$14,498	($1,472)	-9%	$86,429	$82,168	($4,260)	-5%
Colorado	$1,301	$1,247	($54)	-4%	$7,176	$7,077	($100)	-1%
Connecticut	$2,486	$2,140	($347)	-14%	$13,674	$11,980	($1,694)	-12%
Delaware	$324	$306	($18)	-6%	$1,754	$1,711	($43)	-2%
District of Columbi	$884	$824	($60)	-7%	$4,789	$4,630	($159)	-3%
Florida	$7,755	$7,134	($621)	-8%	$40,984	$39,306	($1,678)	-4%
Georgia	$5,209	$4,860	($348)	-7%	$27,775	$26,954	($822)	-3%
Hawaii	$534	$494	($40)	-8%	$2,879	$2,764	($115)	-4%
Idaho	$498	$478	($20)	-4%	$2,705	$2,664	($41)	-2%
Illinois	$6,306	$5,875	($431)	-7%	$33,973	$32,813	($1,160)	-3%
Indiana	$3,975	$3,603	($372)	-9%	$21,627	$20,273	($1,354)	-6%
Iowa	$1,440	$1,366	($74)	-5%	$7,840	$7,679	($161)	-2%
Kansas	$1,117	$990	($127)	-11%	$6,197	$5,564	($633)	-10%
Kentucky	$2,989	$2,832	($158)	-5%	$16,073	$15,756	($317)	-2%
Louisiana	$6,921	$5,656	($1,265)	-18%	$37,733	$31,538	($6,195)	-16%
Maine	$1,158	$988	($170)	-15%	$6,363	$5,550	($813)	-13%
Maryland	$2,594	$2,420	($174)	-7%	$13,988	$13,540	($448)	-3%
Massachusetts	$5,088	$4,453	($635)	-12%	$27,714	$25,110	($2,605)	-9%
Michigan	$6,105	$5,509	($596)	-10%	$33,157	$30,842	($2,315)	-7%
Minnesota	$2,948	$2,750	($198)	-7%	$16,072	$15,484	($588)	-4%
Mississippi	$2,303	$2,170	($133)	-6%	$12,410	$12,134	($276)	-2%
Missouri	$3,009	$2,653	($356)	-12%	$16,870	$14,994	($1,876)	-11%
Montana	$562	$543	($19)	-3%	$3,033	$3,002	($31)	-1%
Nebraska	$774	$740	($35)	-4%	$4,246	$4,175	($72)	-2%
Nevada	$440	$412	($28)	-6%	$2,404	$2,315	($89)	-4%
New Hampshire	$736	$542	($193)	-26%	$4,365	$3,136	($1,229)	-28%
New Jersey	$4,597	$4,339	($257)	-6%	$25,636	$24,619	($1,017)	-4%
New Mexico	$1,130	$1,079	($51)	-5%	$6,084	$5,994	($90)	-1%
New York	$21,773	$20,232	($1,541)	-7%	$119,701	$115,636	($4,065)	-3%
North Carolina	$5,218	$5,032	($187)	-4%	$27,882	$26,858	($1,023)	-4%
North Dakota	$405	$388	($17)	-4%	$2,232	$2,195	($37)	-2%
Ohio	$7,397	$6,744	($653)	-9%	$40,202	$37,799	($2,403)	-6%
Oklahoma	$1,506	$1,437	($69)	-5%	$8,299	$8,167	($132)	-2%
Oregon	$1,730	$1,609	($121)	-7%	$9,318	$8,997	($321)	-3%
Pennsylvania	$7,641	$6,857	($784)	-10%	$42,204	$38,974	($3,230)	-8%
Rhode Island	$914	$808	($107)	-12%	$4,984	$4,479	($505)	-10%
South Carolina	$2,905	$2,522	($383)	-13%	$15,992	$13,885	($2,108)	-13%
South Dakota	$420	$399	($22)	-5%	$2,292	$2,243	($49)	-2%
Tennessee	$3,901	$3,669	($232)	-6%	$21,374	$20,789	($585)	-3%
Texas	$13,527	$12,045	($1,482)	-11%	$71,635	$67,109	($4,526)	-6%
Utah	$862	$828	($35)	-4%	$4,678	$4,613	($64)	-1%
Vermont	$392	$349	($43)	-11%	$2,130	$1,967	($163)	-8%
Virginia	$2,047	$1,916	($131)	-6%	$11,168	$10,813	($355)	-3%
Washington	$3,153	$2,878	($275)	-9%	$17,054	$16,066	($988)	-6%
West Virginia	$2,512	$2,240	($272)	-11%	$13,302	$12,269	($1,033)	-8%
Wisconsin	$2,898	$2,612	($286)	-10%	$15,767	$14,848	($919)	-6%
Wyoming	$235	$228	($8)	-3%	$1,280	$1,267	($13)	-1%

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

OPTION 5: MODIFIED NAPH; PAGE 2

Comparison of the Medicaid Alternative Plan & The Republicans' Plan, 2002 and 1996 - 2002

Per Capita Cap at Nominal GDP plus 2% for 1996-97; 1% for 1998; 0% for subsequent year; DSH: Modified NAPH allocation
(Dollars in Millions, Federal Spending, Fiscal Years)

States	2002			1996-2002		
	President's Plan Savings	Republicans' Plan Savings	Difference	President's Plan Savings	Republicans' Plan Savings	Difference
Total	($15,303)	($48,577)	$33,274	($53,766)	($164,974)	$111,209
Alabama	($134)	($247)	$112	($417)	($510)	$92
Alaska	($39)	($62)	$23	($148)	($169)	$21
Arizona	($157)	($768)	$611	($358)	($2,677)	$2,319
Arkansas	($77)	($380)	$303	($144)	($1,198)	$1,054
California	($1,472)	($2,292)	$820	($4,260)	($6,190)	$1,930
Colorado	($54)	($271)	$216	($100)	($811)	$712
Connecticut	($347)	($798)	$451	($1,694)	($2,585)	$891
Delaware	($18)	($39)	$21	($43)	($37)	($6)
District of Columbi	($60)	($305)	$245	($159)	($989)	$830
Florida	($621)	($2,075)	$1,454	($1,678)	($7,941)	$6,263
Georgia	($348)	($1,908)	$1,560	($822)	($7,427)	$6,605
Hawaii	($40)	($162)	$121	($115)	($430)	$315
Idaho	($20)	($72)	$52	($41)	($256)	$215
Illinois	($431)	($1,622)	$1,191	($1,160)	($4,932)	$3,772
Indiana	($372)	($1,386)	$1,014	($1,354)	($5,558)	$4,204
Iowa	($74)	($332)	$258	($161)	($966)	$805
Kansas	($127)	($170)	$44	($633)	($324)	($309)
Kentucky	($158)	($759)	$602	($317)	($2,699)	$2,381
Louisiana	($1,265)	($4,012)	$2,747	($6,195)	($18,915)	$12,720
Maine	($170)	($357)	$187	($813)	($1,099)	$286
Maryland	($174)	($784)	$610	($448)	($2,731)	$2,283
Massachusetts	($635)	($1,776)	$1,141	($2,605)	($5,909)	$3,305
Michigan	($596)	($1,510)	$914	($2,315)	($4,639)	$2,324
Minnesota	($198)	($878)	$680	($588)	($2,471)	$1,883
Mississippi	($133)	($374)	$241	($276)	($1,310)	$1,034
Missouri	($356)	($525)	$169	($1,876)	($1,532)	($343)
Montana	($19)	($140)	$121	($31)	($430)	$399
Nebraska	($35)	($232)	$198	($72)	($584)	$512
Nevada	($28)	($46)	$18	($89)	$134	($223)
New Hampshire	($193)	($361)	$168	($1,229)	($1,825)	$597
New Jersey	($257)	($1,303)	$1,045	($1,017)	($3,868)	$2,851
New Mexico	($51)	($160)	$108	($90)	($479)	$389
New York	($1,541)	($6,885)	$5,344	($4,065)	($21,412)	$17,348
North Carolina	($187)	($1,786)	$1,600	($1,023)	($6,583)	$5,560
North Dakota	($17)	($85)	$68	($37)	($247)	$210
Ohio	($653)	($2,047)	$1,394	($2,403)	($7,002)	$4,599
Oklahoma	($69)	($113)	$44	($132)	($283)	$151
Oregon	($121)	($286)	$165	($321)	($336)	$15
Pennsylvania	($784)	($1,823)	$1,039	($3,230)	($6,032)	$2,802
Rhode Island	($107)	($285)	$178	($505)	($851)	$347
South Carolina	($383)	($614)	$231	($2,108)	($2,252)	$144
South Dakota	($22)	($72)	$50	($49)	($129)	$80
Tennessee	($232)	($559)	$327	($585)	($635)	$50
Texas	($1,482)	($4,425)	$2,944	($4,526)	($16,363)	$11,837
Utah	($35)	($180)	$145	($64)	($575)	$510
Vermont	($43)	($87)	$44	($163)	($211)	$48
Virginia	($131)	($439)	$308	($355)	($1,340)	$985
Washington	($275)	($1,118)	$844	($988)	($3,648)	$2,660
West Virginia	($272)	($978)	$706	($1,033)	($3,818)	$2,785
Wisconsin	($286)	($631)	$345	($919)	($1,697)	$779
Wyoming	($8)	($57)	$49	($13)	($204)	$191

Based on the Urban Institute's October baseline.

Note: The savings do not total the savings from the CBO baseline because of the differences in the Urban Institute & CBO baselines.

Savings include a 33% offset for the per capita cap savings.

Estimates of the Republican Block Grant Spending come from the General Accounting Office, as of November 16, 1995..

OPTION 5: MODIFIED NAPH; PAGE 3

Change in Federal Medicaid Spending, 1996-2002

Cap on Spending per Beneficiary @ nominal GDP/capita +2%, 2%, 1%, 0% beginning in 1996

Separate Caps by Group, cap not applied in 1996; administrative costs included in the caps

DSH: NAPH Allocation to states, increased by 35%, indexed to CPI

Split between Per Capita Cap and DSH Savings: 1996 - 2002

	Cap Savings	*% reduction*	DSH Savings	*% reduction*	TOTAL	*% from Cap*	*% from DSH*
Total	(30,562)	-4%	(23,203)	-31%	(53,766)	57%	43%
Alabama	(308)	-3%	(109)	-6%	(417)	74%	26%
Alaska	(80)	-5%	(69)	-83%	(148)	54%	46%
Arizona	(358)	-3%	(0)	0%	(358)	100%	0%
Arkansas	(144)	-1%	0	0%	(144)	100%	0%
California	(4,260)	-6%	-	0%	(4,260)	100%	0%
Colorado	(100)	-2%	(0)	0%	(100)	100%	0%
Connecticut	(354)	-3%	(1,340)	-95%	(1,694)	21%	79%
Delaware	(43)	-3%	-	0%	(43)	100%	0%
District of Columbia	(159)	-4%	-	0%	(159)	100%	0%
Florida	(1,678)	-4%	(0)	0%	(1,678)	100%	0%
Georgia	(782)	-3%	(40)	-2%	(822)	95%	5%
Hawaii	(115)	-4%	-	0%	(115)	100%	0%
Idaho	(41)	-2%	-	0%	(41)	100%	0%
Illinois	(1,160)	-4%	-	0%	(1,160)	100%	0%
Indiana	(631)	-3%	(723)	-41%	(1,354)	47%	53%
Iowa	(161)	-2%	-	0%	(161)	100%	0%
Kansas	(69)	-1%	(563)	-86%	(633)	11%	89%
Kentucky	(317)	-2%	0	0%	(317)	100%	0%
Louisiana	(2,150)	-7%	(4,045)	-66%	(6,195)	35%	65%
Maine	(180)	-3%	(634)	-93%	(813)	22%	78%
Maryland	(448)	-3%	-	0%	(448)	100%	0%
Massachusetts	(1,170)	-5%	(1,435)	-63%	(2,605)	45%	55%
Michigan	(681)	-2%	(1,634)	-56%	(2,315)	29%	71%
Minnesota	(588)	-4%	(0)	0%	(588)	100%	0%
Mississippi	(276)	-2%	(0)	0%	(276)	100%	0%
Missouri	(432)	-3%	(1,444)	-53%	(1,876)	23%	77%
Montana	(31)	-1%	-	0%	(31)	100%	0%
Nebraska	(72)	-2%	0	0%	(72)	100%	0%
Nevada	(32)	-2%	(57)	-23%	(89)	36%	64%
New Hampshire	(98)	-4%	(1,131)	-94%	(1,229)	8%	92%
New Jersey	(510)	-2%	(507)	-16%	(1,017)	50%	50%
New Mexico	(90)	-2%	0	0%	(90)	100%	0%
New York	(3,064)	-3%	(1,001)	-9%	(4,065)	75%	25%
North Carolina	-	0%	(1,023)	-48%	(1,023)	0%	100%
North Dakota	(37)	-2%	-	0%	(37)	100%	0%
Ohio	(1,260)	-3%	(1,144)	-40%	(2,403)	52%	48%
Oklahoma	(132)	-2%	-	0%	(132)	100%	0%
Oregon	(321)	-4%	-	0%	(321)	100%	0%
Pennsylvania	(916)	-3%	(2,314)	-61%	(3,230)	28%	72%
Rhode Island	(80)	-2%	(425)	-98%	(505)	16%	84%
South Carolina	(231)	-2%	(1,877)	-87%	(2,108)	11%	89%
South Dakota	(49)	-2%	0	0%	(49)	100%	0%
Tennessee	(585)	-3%	-	0%	(585)	100%	0%
Texas	(4,206)	-7%	(320)	-5%	(4,526)	93%	7%
Utah	(64)	-1%	-	0%	(64)	100%	0%
Vermont	(92)	-5%	(71)	-67%	(163)	56%	44%
Virginia	(229)	-2%	(125)	-19%	(355)	65%	35%
Washington	(312)	-2%	(676)	-48%	(988)	32%	68%
West Virginia	(535)	-4%	(498)	-67%	(1,033)	52%	48%
Wisconsin	(919)	-6%	-	0%	(919)	100%	0%
Wyoming	(13)	-1%	-	-	(13)	100%	0%