Jen K.

- **Medicare Deductibles.** The Senate reconciliation bill *doubled* deductibles from $100 a year in 1995 to $210 a year in 2002. Medicare beneficiaries already spend 21% of their income on health care, and doubling their deductibles would have increased beneficiary costs by more than $10 billion over 7 years. The House bill and the vetoed conference agreement did not increase deductibles.

- **Medicare Eligibility Age.** The Senate Finance Committee reconciliation bill gradually increased the Medicare eligibility age from 65 to 67 beginning in 2003, matching the increase in the Social Security retirement age. Under the Senate proposal, people would have had to work longer and pay more taxes to get fewer years of Medicare. And while retirees can get Social Security benefits before reaching the official retirement age, they could not receive Medicare, and many people ages 65 to 67 would be unable to continue working or to purchase individual health insurance. This provision was eliminated on the Senate floor without a recorded vote for violating the Byrd Rule.

- **Medicare Coverage of State & Local Government Employees.** The Senate reconciliation bill extended Medicare coverage to all state and local government employees. It would have subjected nearly 2 million additional state and local employees, teachers, police officers, and fire fighters and their state and local government employers to the Medicare payroll tax. Many states, including Illinois, California, Ohio, and Texas, have a large number of employees who are not currently covered by Medicare. [Note: Also included in the Administration's Health Security Act.]

- **Medicare Premiums.** The Senate, House, and conference reconciliation bills and the vetoed second CR all increased premiums to 31.5%, raising premiums for an elderly couple by $264 in 1996 alone. Rather than maintaining the traditional 25% premium, their reconciliation bills raised premiums for an elderly couple by at least $1,700 over 7 years, compared to your proposal.

- **Medicaid.** The Senate Medicaid proposal s were extreme, but generally less so than the House proposals. Both the House and Senate proposals could have forced states to deny coverage to more than 8 million people in 2002, including more than 4 million children. The Senate Finance Committee voted to repeal completely federal nursing home standards, but Republicans later voted on the Senate floor to restore them with a waiver provision. The Senate went further than the House, however, in repealing financial protections for adult children of nursing home residents.

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- **Nursing Home Quality Standards.** The Senate Finance Committee bill repealed federal nursing home quality standards and federal enforcement. Since enactment of these standards in 1987 under President Reagan, nursing home quality has improved dramatically: the use of physical restraints has declined 25%, dehydration has decline 50%, and hospitalization rates have declined 31%. All Republican Senators except Senator Chafee voted against an amendment in Committee to restore the standards. Most Republicans, including the Majority Leader, also voted against a Pryor floor amendment to restore the standards, and instead supported a Roth floor amendment that restored the standards but allowed states with "equivalent or stricter" standards and enforcement to receive waivers. The federal government would be unable to enforce the standards in these states. The Senate, House, and conference agreements also repealed federal standards for institutions caring for people with mental illness and mental retardation.

- **Medicaid Financial Protections.**

  Adult Children. The Senate reconciliation bill went further than the House or conference bills in repealing current protections for adult children of nursing home residents. The Senate bill would have allowed states to force adult children to contribute toward their parents' nursing home care, regardless of the income of the children. The vetoed conference bill protected adult children with incomes below the state median.

  Nursing Home Fees. The Senate, House, and conference bills allowed nursing homes to charge up-front payments as the price of admission.

  Homes. The Senate, House, and conference bills repealed all federal laws protecting a minimum level of income and assets in determining Medicaid eligibility. This allows states to count the value on one's home, family farm, and car in determining Medicaid eligibility, which could force the sick to sell them to qualify for Medicaid.

  Liens. The Senate bill allowed states to impose liens on homes as a condition of eligibility, but not if the spouse's home were of modest value or a family farm. Current law restricts states from imposing liens, protecting family members living in the homes.

  Spousal Impoverishment. The Senate bill retained current federal spousal impoverishment protections, but made it more difficult for the federal government to ensure that states comply with the protections. The vetoed conference bill also prevented individuals from enforcing the protections in federal court.

  Premiums/Cost-sharing. The Senate, House and conference bills removed most protections, letting states impose premiums and cost-sharing on Medicaid recipients, with the exception of no premiums on families with a pregnant woman or child below poverty, and cost-sharing for primary and preventive care for poor children and pregnant women must be "nominal."

- **Backdoor Medicaid Deals.** Under last-minute Republican deals, the Senate changed its formula for distributing Medicaid funding among the states. *Overall, states with two Democratic senators lost an additional $4 billion and states with two Republicans senators gained $11 billion.* According to the Washington Post, one Republican aide described the last-minute dealings as *"Let's make a deal, with Bob Dole as your host."* Under these changes:

  - California lost an additional $4.2 billion in federal funding. This drastic cut would have forced California to eliminate Medicaid coverage for as many as 1 million people in 2002, including nearly half a million children. [Based on HHS estimates.]
  - Texas gained an additional $5 billion;
  - Kansas gained $616 million, reducing its cut from 12% to 1% cut over the 7 years.
  - Delaware gained $107 million, reducing its cut from 7% to 0% over 7 years!
  - The average percentage cut in 2002 was 29%, but the cuts to states ranged from 4% to 52%.

- **Pension Reversion.** The Senate Finance Committee reconciliation bill and the final reconciliation bill would have given corporations the green light to raid their employees' pensions. The provision would have let corporations reduce pension fund assets by about $15 billion, affecting an estimated 3.7 million workers in 5,000 companies. However, the full Senate voted to delete this provision from the Senate reconciliation bill, with both the Majority and Minority Leaders voting to delete it.

- **EITC.** The Senate reconciliation bill cut the EITC by $43.5 billion, increasing taxes on 17 million working families. It would have cut these families' EITC by an average of $302 in 1996, and would have cut the EITC of working families with two or more children by $410 in 1996. The vetoed reconciliation bill cut the EITC by $31 billion, cutting the EITC for 12.6 million working families with 14.5 million children by an average of $332 in 1996. After accounting for the child tax credit, the bill increased net taxes on 7.7 million families by an average of $318, and on 3.3 million families with 6.8 million children by an average of $508.

- **Child Support Enforcement Fees.** The Senate Finance Committee reconciliation bill required States to charge parents *not* on AFDC a fee equal to 10% of the amount of child support collected. No fees could be charged to custodial parents below 185% of the poverty line, and fees would be limited to 2% of support collected for custodial parents between 185% and 300% of the poverty line. The bill's child support enforcement fees would have imposed a $4 billion cost on single-parent families. A Bradley amendment to strike the fees was defeated in committee on a party line vote. But in response to criticism, this provision was deleted on the Senate floor by a Nickels-Dole amendment.

March 14, 1996

<table>
<tr><th>MEDICARE</th><th>SENATE</th><th>HOUSE</th><th>CONFERENCE</th></tr>
<tr><td>Reconciliation:</td><td colspan="2">The House and Senate plans were generally similar, both saving $270 billion over 7 years. The Senate plan, however, increased beneficiary costs more than the House plan, mainly by raising deductibles and setting lower income thresholds for means-tested premiums.

Senate Republicans voted against amendments to reduce the size of the tax cuts and use the savings to reduce the size of the Medicare or Medicaid cuts.</td><td>The Conference agreement cut Medicare by $270 billion, reducing federal Medicare spending per beneficiary $1,700 below projections for 2002, while raising Medicare premiums per beneficiary by $143 in 2002, compared to the President's plan.</td></tr>
<tr><td>Deductibles</td><td>• Doubled deductibles from $100 a year in 1995 to $210 a year in 2002.</td><td>• Did not increase deductibles.</td><td>• House provision; did not increase deductibles.</td></tr>
<tr><td>Premiums</td><td>• Set premiums at specific dollar amounts intended to equal 31.5% of program costs.</td><td>• Set premiums at 31.5% of program costs, instead of the traditional 25%.</td><td>• House provision; set premiums at 31.5% of program costs, raising premiums for an elderly couple by $264 in 1996 alone, and by at least $1,700 over 7 years, compared to the President's proposal.</td></tr>
</table>

Means-Tested Premiums	• Individuals with incomes over $50,000 and couples with incomes over $75,000 would pay higher premiums, and individuals with incomes over $100,000 and couples with incomes over $150,000 would pay premiums equal to 100% of Part B program costs. The premium would be taken directly out of their Social Security check. • Implemented based on income declared by beneficiary to HHS rather than being implemented through the tax code, requiring a new bureaucracy to verify the incomes reported to SSA.	• Means-tested premiums began at higher incomes. Individuals with incomes over $75,000 and couples with incomes over $125,000 would pay higher premiums, and individuals with incomes over $100,000 and couples with incomes over $175,000 would pay premiums equal to 100% of Part B program costs. • Implemented similar to Senate, but IRS would supply income information to HHS.	• Set the thresholds higher than the Senate and lower than the House: $60,000 for individuals and $90,000 for couples. • Implemented according to House.
Medicare Eligibility Age	• Senate Finance Committee bill gradually increased the Medicare eligibility age from 65 to 67 beginning in 2003. Under this proposal, people would have to work longer and pay more taxes to get fewer years of Medicare. While retirees can get Social Security benefits before reaching the official retirement age, they could not receive Medicare, and many people ages 65 to 67 would be unable to purchase health insurance. • Provision was eliminated on the Senate floor without a recorded vote for violating the Byrd Rule.	• No proposal.	• No proposal.

Medicare Coverage of State & Local Government Employees	• Extended Medicare coverage to all state and local government employees. Subjects nearly 2 million additional state and local employees, teachers, police officers, and fire fighters to the Medicare payroll tax. Many states, including Illinois, California, Ohio, and Texas, have a large number of employees who are not currently covered by Medicare.	• No proposal.	• No proposal.
Balance Billing	• Allowed doctors to charge above Medicare payment rates, or "balance bill," in the new private plans.	• Similar to Senate proposal.	• Similar to Senate proposal.
Medical Savings Accounts	• Included in Senate plan, but struck on the Senate floor for violating the Byrd Rule.	• Similar to Senate proposal.	• Similar to Senate proposal.
Look-Back/-Spending Limit	• Included look-back that cut provider payments if spending exceeded a set limit, but the provision was struck on the Senate floor for violating the Byrd Rule because CBO concluded the Senate look-back did not save money.	• Similar look-back included to meet savings target, saving about $32 billion.	• Similar to House.

"Regulatory Relief"	• No provisions similar to the House. • All Senate Republicans voted against consideration of a Harkin amendment to strengthen efforts to combat Medicare waste, fraud, and abuse.	• Allowed doctors to refer patients to labs in which the doctor has a financial interest. • Weakens anti-kickback laws and makes it more difficult to impose penalties. • Capped malpractice damage awards. • Provided broad anti-trust exemptions for Physician Service Networks. • Exempted clinical labs in doctors' offices from regulations, except for pap smear tests.	• Allowed doctors to refer patients to labs in which the doctor has a financial interest. • Weakens anti-kickback laws and makes it more difficult to impose penalties. • No cap on malpractice damage awards. • Anti-trust exemptions were deleted from the conference agreement in the Senate under the Byrd Rule. • Lab exemptions were deleted from the conference agreement in the Senate under the Byrd Rule.

MEDICAID	SENATE	HOUSE	CONFERENCE
***Budget Resolution*:**	The Senate budget resolution assumed $175 billion in Medicaid savings, compared to $187 billion in the House. The House assumed Medicaid would be block granted, while the Senate explicitly did not recommend how the savings should be achieved.		Conference budget resolution assumed $182 billion in Medicaid savings, but did not specify how the savings should be achieved.
Reconciliation:	Both the Senate- and House-passed reconciliation bills block granted Medicaid and cut federal funding by about $170 billion, and could have denied coverage to more than 8 million people in 2002, including over 4 million children.		Conference agreement block granted Medicaid and cut federal funding by $163 billion. It could have denied nearly 8 million people coverage.
Structure	• Budget resolution did not specify how the assumed savings would be achieved. The committee report stated that its recommendation was "designed to be compatible with a wide range of Medicaid restructuring proposals....and makes no assumption about individual entitlement, eligibility groups, benefits, payment rates, financing structures." • Reconciliation bill block granted Medicaid.	• House budget resolution assumed a block grant. • House reconciliation bill block granted Medicaid.	• Budget resolution conference agreement was similar to the Senate, making no assumptions about the individual entitlement, benefits, etc. • Reconciliation conference agreement block granted Medicaid.

Size of Federal Cuts	Senate Finance Committee bill saved \$182 billion, but money was added on the Senate floor so that the Senate-passed bill saved about \$170 billion. Under the Senate floor amendments: • California lost an additional \$4 billion in federal funding; • Texas gained an additional \$5 billion; • Kansas gained \$616 million, reducing its cut from 12% to 1% cut over the 7 years. • Delaware gained \$107 million, reducing its cut from 7% to 0%! • The average percentage cut in 2002 was 29%, but the cuts to states ranged from 4% to 52%.	House Committee bill saved \$182 billion but about \$12 billion was restored on the House floor by further lowering the discretionary caps. The House-passed bill saved about \$170 billion.	Vetoed conference agreement saved \$163 billion.
Eligibility	• Senate Finance Committee adopted the Chafee amendment to require states to cover poor pregnant women, children 12 and under, and people with disabilities, but the definition of disability was ultimately left up the states. • Full Senate later adopted a Chafee amendment to require states to use the SSI definition of disability, as amended by the welfare bill.	• No assurance of coverage. The House Commerce Committee defeated an amendment to assure coverage for children.	• Adopted the Senate Finance Committee proposal: required states to cover poor pregnant women, children 12 and under, and people with disabilities, but states would define eligible disabilities.
Benefits	• Senate Finance Committee rejected a Chafee amendment to require states to provide a minimum benefit package. All other Republicans on the Committee opposed it.	• No minimum benefits package.	• No minimum benefits package. The only required benefits were immunizations and limited family planning.

Nursing Home Quality Standards	• Senate Finance Committee bill repealed federal nursing home quality standards and enforcement. The Committee rejected an amendment to restore them, with all Republicans except Senator Chafee voting against the amendment. • Full Senate passed a Pryor amendment (51-48) to retain federal standards, but most Republicans, including the Majority Leader, voted against the Pryor Amendment, arguing that a Roth amendment was superior. • Full Senate subsequently adopted the Roth amendment that watered down the Pryor Amendment. Thus, the final Senate bill retained the federal standards but allowed states with "equivalent or stricter" standards and enforcement to receive waivers. The federal government would have no way to enforce standards in the states with waivers.	• Repealed both the federal nursing home quality standards and federal enforcement. States would set their own standards and enforce them.	• Retained most of the federal standards, but repealed federal enforcement and some federal standards.
Quality Standards for Institutions Caring for People with Mental Retardation	• Senate completely eliminated federal quality standards for institutions caring for people with mental illnesses and mental retardation.	• Same as Senate.	• Also completely repealed federal standards.

Spousal Impoverishment	• Committee bill and Senate-passed bill retained current federal spousal impoverishment protections, but made it more difficult for the federal government to ensure that states comply with the protections.	• House Commerce Committee bill completely eliminated federal spousal impoverishment protections that ensure that spouses can keep a minimum amount of their income and assets. • In response to criticism, the House reinstated the provisions, but made it more difficult for the federal government to enforce the protections and barred individuals from enforcing the protections in federal court.	• Adopted the House proposal, barring individuals from enforcing spousal protections in federal court. Also eliminated the guarantee of nursing home coverage, and would let states define the scope of nursing home coverage.

Other Financial Protections	• **Adult Children.** Allowed states to force adult children to contribute toward their parents' nursing home care. • **Nursing Home Fees.** Allowed nursing homes to charge up-front payments as the price of admission. • **Homes.** Repealed all federal laws protecting a minimum level of income and assets in determining Medicaid eligibility. This allows states to count the value on one's home, family farm, and car in determining Medicaid eligibility, which could force the sick to sell them to qualify for Medicaid. • **Liens.** States could impose liens on homes as a condition of eligibility, but not if the spouse's home is of modest value or a family farm. Current law restricts states from imposing liens, protecting family members living in the homes. • **Premiums/Cost-sharing.** Removed most protections, letting states impose premiums and cost-sharing on Medicaid recipients, with the exception of no premiums on families with a pregnant woman or child below poverty, and cost-sharing for primary and preventive care for poor children and pregnant women must be "nominal."	• **Adult Children.** Allowed states to force adult children to contribute to their parents' nursing home care, but not if they were of "moderate means." • **Nursing Home Fees.** Same as Senate. • **Homes.** Same as Senate. • **Liens.** Allowed states to put liens on the homes and family farms of Medicaid recipients. • **Premiums/Cost-sharing.** Similar to Senate.	• **Adult Children.** Allowed states to require adult children to contribute toward their parents' nursing home care if their income were above the state median income. • **Nursing Home Fees.** Same as Senate. • **Homes.** Same as Senate. • **Liens.** Similar to House. Allowed states to impose liens on homes and family farms. • **Premiums/Cost-sharing.** Similar to Senate.

Medicaid Assistance with Medicare Premiums	• Eliminated the guarantee of assistance to low-income Medicare beneficiaries. Set aside no funding to cover deductibles and copays, and set aside less than half of the amount needed to cover just premiums for more than 5 million low-income Medicare beneficiaries.	• Similar to Senate provision.	• Similar to Senate provision.