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COMPARING APPLES WITH APPLES ON MEDICARE

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The White House and congressional Democrats have attempted in recent weeks to draw a stark distinction between the Medicare savings projected in the House-Senate Conference Budget Resolution and President Clinton's budget plan, released in June. Americans are being told that while the President's plan seeks to achieve only $128 billion in savings over the next seven years, the Conference Budget Resolution seeks to achieve $270 billion in savings. Hence, the impression is created that Congress intends to reduce projected Medicare spending by more than double the amount favored by the White House.

The facts are quite different. Because the "baseline" used by the White House is different from the one used by Congress, the comparison made by the White House is the numerical equivalent of comparing apples with oranges. When the same baseline is used, the savings desired by each end of Pennsylvania Avenue turn out to be much closer.

A baseline is a projection of spending under current law, using assumptions about utilization, growth of the eligible population, and other factors. There are savings in a Budget Resolution or a White House budget if the spending targets in the budget document are below the baseline. Obviously, the level of saving will depend on who develops the baseline and what assumptions they use.

The reason the White House greatly exaggerates the difference in projected savings between the Administration's plan and that of Congress is that the White House uses a Medicare baseline developed by its own Office of Management and Budget, while Congress uses the baseline developed by the nonpartisan Congressional Budget Office (which "scores" all budget-related legislation).

Even small differences in assumptions can make a significant difference in a baseline. For Medicare Part A, for instance, the CBO projects an average annual cost growth of 7.9 percent over the next ten years, while the OMB projects the rate at 7.5 percent. For Part B, the CBO expects a 12.3 percent growth rate, while the OMB projects only a 10.9 percent growth rate.

Because the OMB baseline projects a lower rate of Medicare spending under current law than the CBO projects, the savings achieved by any particular budgeted amount for Medicare would seem lower using the OMB baseline instead of the CBO baseline (or, in Washington parlance, a Medicare "cut" looks smaller using the OMB baseline).

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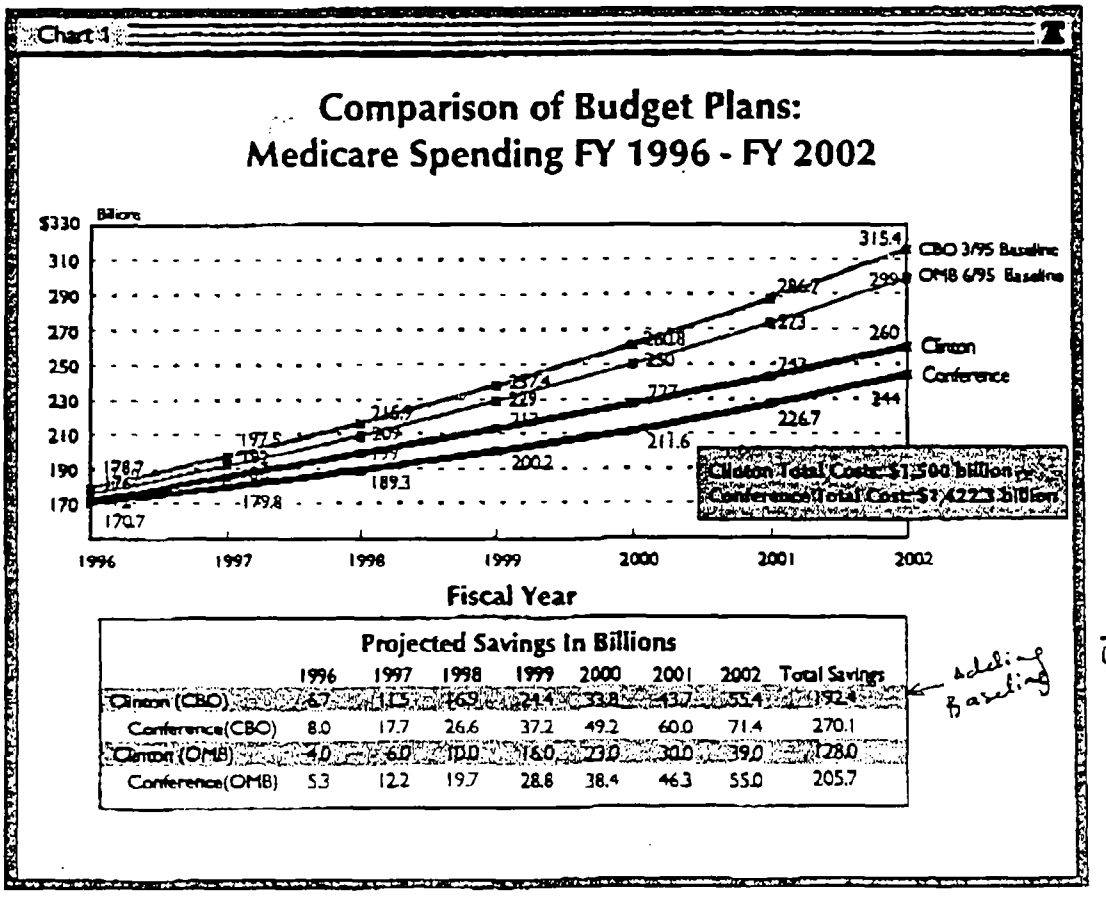
While there can be a debate about which baseline is a more accurate forecast of Medicare spending under current law, it is clearly very misleading for the White House to use one baseline to score Congress's Medicare plan and another to score its own (especially when that suggests a lower "cut" for the White House plan).

For Members of Congress and ordinary Americans to compare the two budget proposals, it is thus necessary to provide a comparison using the same baseline. Doing so, as the following chart indicates, reveals that the projected savings are closer than the White House suggests.

- Using the OMB baseline for the White House plan and the CBO baseline for Congress's plan wrongly implies that the White House wants to reduce future Medicare spending by $128 billion (FY 1996-2002), while Congress intends to reduce it by $270 billion (that is, by $142 billion more than the White House).
- Comparing the two budget plans with the CBO baseline, however, indicates that the White House wants savings of $192 billion, not the $128 billion it claims when comparing its plan with that of Congress. This makes the difference between the two plans just $78 billion over seven years, not the $142 billion claimed by the White House. This difference is about half the amount implied by the White House's apples/oranges comparison.
- If the two budgets are compared with the OMB baseline, it is Congress's savings which must be revised down to reflect the lower baseline. Using this baseline means Congress's savings amount to $205.7 billion (compared with $128 billion for the White House plan, using the same baseline).



bc-rnc-medicare 08-08

RNC Issues Correction to White House Medicare Spending Statistics Released Yesterday

To: National Desk

Contact: Mary Mead Crawford of the Republican National Committee, 202-863-8550

WASHINGTON, Aug. 8 /U.S. Newswire/ -- The following was released today by the Republican National Committee:

Yesterday, the White House issued a press release falsely claiming Republicans are ''cutting'' Medicare in order to pay for tax cuts. The White House release was accompanied by an inaccurate, misleading county-by-county breakdown of Medicare spending statistics based on a false analysis. More than 37 million Americans rely on Medicare for their healthcare coverage. As the policy debate ensues over the coming weeks, it is crucial the public is not deceived.

1) Under the Republican plan, Medicare spending will increase 54 percent from 1996-2002. Per-beneficiary spending will increase from $4,800 to more than $6,700. Overall Medicare spending will increase at a faster rate than spending for any other government program. A state-by-state breakdown of Medicare spending under the Republican plan follows.

2) Members of the President's Cabinet, who serve as Medicare Trustees, warned in April for the second year in a row that Medicare will be bankrupt in seven years if nothing is done. If we had a balanced budget today, Medicare would still be going bankrupt. With or without tax cuts, Medicare would still be going bankrupt. Saving Medicare from bankruptcy is unrelated to balancing the budget, tax cuts or any other budgetary concerns. Even interest groups like the American Association of Retired Persons have publicly stated that Medicare is going bankrupt and that the status quo is unacceptable and unsustainable.

3) Both the Republican budget and President Clinton's newest budget include both savings in Medicare spending and tax cuts.

The Republican budget plan includes $270 billion in Medicare savings to prevent the program from going bankrupt, and it includes $245 billion in tax cuts. President Clinton claims his new budget will achieve $124 billion in Medicare savings and provide for $110 billion in tax cuts.

The White House claims Republicans are ''cutting'' Medicare to pay for tax cuts. If their claim were true, it would also be true for the President's budget, which also includes both Medicare savings and tax cuts. But the White House's claim isn't true. Making the savings necessary to prevent Medicare's trust fund from going bankrupt is independent of any other budgetary consideration.

The following charts show increases in Medicare spending, by state, under the Conference Report on the Budget, which was passed by the Republican Congress. One chart provides breakdowns for increases in spending for each beneficiary, and the other breaks out gross increases in Medicare spending by state.

Per Beneficiary Medicare Spending Increases
in the Conference Report on the Budget

		Increase in Per Beneficiary Spending	Aggregate Per Beneficiary Spending
1995 Per	2002 Per		

	Beneficiary Spending	Beneficiary Spending	from 1995 to 2002(a)	1996 to 2002		
U.S.	$4,816	$6,734	$1,918	41,603		
Alabama	4,733	6,617	1,885	40,882		
Alaska	3,683	5,150	1,467	31,815		
Arizona	4,638	6,485	1,847	40,065		
Arkansas	3,851	5,384	1,534	33,264		
California	5,821	8,139	2,318	50,283		
Colorado	4,317	6,037	1,719	37,295		
Connecticut	5,135	7,180	2,045	44,357		
Delaware	5,025	7,027	2,001	43,409		
Dist. of Columbia	NA	NA	NA	NA		
Florida	5,871	8,210	2,338	50,719		
Georgia	4,876	6,817	1,942	42,117		
Hawaii	3,943	5,514	1,570	34,062		
Idaho	2,996	4,189	1,193	25,877		
Illinois	4,552	6,364	1,813	39,318		
Indiana	4,263	5,961	1,698	36,827		
Iowa	3,304	4,619	1,316	28,537		
Kansas	4,473	6,255	1,781	38,640		
Kentucky	4,158	5,814	1,656	35,921		
Louisiana	5,669	7,926	2,258	48,968		
Maine	3,457	4,834	1,377	29,861		
Maryland	5,010	7,005	1,995	43,274		
Massachusetts	5,916	8,272	2,356	51,104		
Michigan	4,651	6,504	1,852	40,178		
Minnesota	3,840	5,369	1,529	33,170		
Mississippi	4,173	5,836	1,662	36,051		
Missouri	4,493	6,283	1,789	38,813		
Montana	3,426	4,791	1,364	29,596		
Nebraska	3,398	4,752	1,353	29,354		
Nevada	4,671	6,531	1,860	40,350		
New Hampshire	3,796	5,308	1,512	32,792		
New Jersey	4,938	6,905	1,967	42,658		
New Mexico	3,140	4,390	1,250	27,120		
New York	5,312	7,428	2,116	45,889		
North Carolina	4,002	5,596	1,594	34,573		
North Dakota	4,028	5,632	1,604	34,796		
Ohio	4,351	6,084	1,733	37,587		
Oklahoma	4,118	5,758	1,640	35,572		
Oregon	3,779	'Suo&3/49nsylvania		5,404		7,556
2,152	46,680					
Rhode Island	4,665	6,523	1,858	40,296		
South Carolina	3,730	5,215	1,485	32,220		
South Dakota	3,411	4,769	1,358	29,461		
Tennessee	5,328	7,450	2,122	46,022		
Texas	5,021	7,021	2,000	43,375		
Utah	3,740	5,230	1,490	32,309		
Vermont	3,369	4,710	1,342	29,098		
Virginia	3,689	5,158	1,469	31,865		
Washington	3,706	5,182	1,476	32,016		
West Virginia	3,727	5,212	1,484	32,198		
Wisconsin	3,570	4,991	1,422	30,835		
Wyoming	2,940	4,111	1,171	25,398		
Puerto Rico	1,880	2,629	749	16,240		

Note a: Per beneficiary Med
(E=iBLF)

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Congress Daily 8/3/95

Who Should Decide Whether Or Not Your Mother Will Receive Lifesaving Medical Treatment?

Your Mother, Her Family and Her Doctor?...

Or a Managed Care Bureaucrat?

Congress is now considering proposals to alter Medicare. Some proposals would force most Americans over 65 into "managed care" insurance plans reminiscent of the failed Clinton Health Care Rationing Plan.

National Right to Life does not oppose the restructuring of Medicare. **But:**

- **Congress MUST NOT use harsh penalties to push Americans into Clinton-style managed health care plans with their inherent incentives to ration. Such plans will mean that your loved ones might not receive the lifesaving treatment they may someday want and need.**
- **Congress MUST allow Americans to add their own money to government Medicare voucher payments, if they wish, thus ensuring that older people are not prohibited, by law, from getting unrationed, "unmanaged" Medicare health insurance.**

Managed care plans should have to compete, within Medicare, on a level playing field with traditional insurance plans – which allow doctors and patients, not bureaucrats, to decide on treatment.

Medicare Reform Must Not Push Older Americans Into Rationed Clinton-Style, "No-Exit" Managed Health Care.

national RIGHT TO LIFE