



FAX COVER SHEET

**OFFICE OF LEGISLATIVE &
INTER-GOVERNMENTAL AFFAIRS**

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Date: 11/26/96

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MEDICAID SPENDING

In examining the issue of the projected Medicaid spending growth for the FY 1998 President's Budget several issues need to be discussed – the change in the baseline, the relationship of our savings to the savings in the Republican Block grant, and the relationship of Medicaid per capita growth rates to private sector per capita growth rates

Baseline Spending: Medicaid Spending has Already Slowed

The Medicaid program *Midsession* baseline expenditures project reductions of \$46 billion over a seven year period compared to the FY 1996 *President's Budget* baseline. Based on a five year look at Medicaid baseline projections, the projected reductions are \$38.8 billion (between FY 1998-2002). The respective projected reductions compared to the FY 1997 *President's Budget* baseline are \$xx over seven years and \$21.9 over five years.

The FY 1996 Medicaid aggregate rate of growth is 3.1 percent-- compared to a high of 31.7 percent in 1991¹ and 10 percent in FY 1995. The decline in overall growth rates is due to reductions in disproportionate share hospital payments and donations and taxes; expansions of managed care; declines in welfare caseload tied with an improved economy; and decreases in overall health inflation and efficiencies in the rest of the health care system that also benefitted Medicaid. It is also worth noting that the dip in the FY 1996 growth rate could be attributed, at least in part, to the fact that as States were preparing for block grants. States may have shifted spending to FY 1995 to increase their base amounts to allow for a generous base year in the block grant formula.

The average annual aggregate growth is projected at 9.1 percent over the next five years (FY 1998-2002). On a per capita basis, the projected growth rate is 7.1 over the five years.

Republican Block Grant

The Republican Block grant proposal established a fixed spending level for a base year and then using a complex formula projected absolute limits for Federal spending through 2002. The seven year spending level was \$xxx from 1996 till 2002. The comparable five year spending from 1998 till 2002 was \$xxx.

The respective *Midsession* baseline spending is \$843 billion over the seven years and \$650 billion over five years. The difference (or potential savings level) from the Republican spending plan and our current estimate of spending over five year is \$xxx. This would be the savings amount if the Republican's again proposed a block grant.

During last year's budget debate we were very critical of the Republicans for reducing Medicaid spending to these spending level. We must be careful that we don't ourselves propose a reduction to the projected spending that reaches the level the Republicans were proposing.

¹ This is the highest recorded rate of growth since 1978 (the first year this data was recorded.)

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Republican Block Grant

The Republican Block grant proposal established a fixed spending level for a base year and then using a complex formula projected absolute limits for Federal spending through 2002. The seven year spending level was \$730 billion from 1996 till 2002. The comparable five year spending from 1998 till 2002 was \$618.

The comparable *Midsession* baseline spending is \$843 billion over the seven years and \$650 billion over five years. The difference (or potential savings level) from the Republican spending plan and our current estimate of spending over five year would be only \$32 billion. This would be the savings amount if the Republican's again proposed a block grant.

During last year's budget debate we were very critical of the Republicans for reducing Medicaid spending to these spending level. We must be careful that we don't ourselves propose a reduction to the projected spending that reaches the level the Republicans were proposing.

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Medicaid Per Capita Spending Compared to the Private Sector

On a per capita basis, the Mid-Session Review five year per capita growth rate is 7.1 percent—slightly lower than the private sector aggregate growth—projected to be 7.6 percent over five years. On an aggregate basis, the Mid-Session Review five year Medicaid growth rate is 9.1 percent, compared to the private sector aggregate growth projected to be 8.1 percent over five years. The fact that the Medicaid aggregate rate is higher than the private sector rate is the result of the significantly higher projected growth rate in the more expensive elderly and disabled Medicaid populations.

Percentage Increase in Health Spending	Medicaid Per Capita	Private Sector Per Capita	Medicaid Aggregate	Private Sector Per Capita
1998-2002	7.1%	7.6%	9.1%	8.1%

Another significant point is the variation in Medicaid spending between States. New York per capita spending (excluding DSH spending) was \$7,454 in 1995, while Mississippi's spending was \$2,863. But Mississippi was not the lowest per capita spending. California's Medicaid per capita spending was the lowest in the country in 1995, at \$2,461.

CONCERNS ABOUT A PER CAPITA CAP:

- The per capita cap was part of a defensive strategy relative to a block grant. The proposal was considered a compromise, and not the Administration's desired financing approach.
- A per capita cap would in essence become the Medicaid payment floor. If in future years, savings need to be realized for any reason, there would be little, if any long-term flexibility to do this.
- Both caps and block grants change the current open-ended Federal financing of Medicaid. Both could lead to cuts in Medicaid coverage or benefits in States that prove unable to control spending through new program efficiencies. The major advantage of a per capita cap is that total Federal spending is adjusted to reflect enrollment changes. However, enrollment is only one factor driving total spending.
- The per capita cap would lock states in to their current financing levels with a fixed growth rate and a population growth factor. Thus, the per capita cap provides a financial disincentive for states to expand services or increase provider payments — two approaches to improving quality and access to Medicaid services. States will not be able to receive additional federal funding if they choose to enhance their Medicaid program through services or provider payments.
- A per capita cap would hinder states' efforts to improve access to the uninsured. Currently states have substantial flexibility to expand coverage through incremental health

care reform initiatives involving Medicaid. With the implementation of welfare reform underway, the per capita cap would further hinder efforts to ensure all Medicaid eligibles are enrolled and receiving services.

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Comparison Between 1996 and 1997 Total Medicaid Spending

Fed Exp in Billions

	1997	1998	1999	2000	2001	2002	97-02	98-02
1996 President's Budget	\$104.50	\$114.50	\$124.50	\$136.30	\$149.80	\$163.80	\$793.40	\$688.90
1996 Mid-Session	\$104.50	\$114.40	\$124.50	\$136.40	\$149.40	\$163.20	\$792.40	\$688.00
1997 Mid-Session Fed	\$99.80	\$108.70	\$117.90	\$128.90	\$140.70	\$153.90	\$749.90	\$650
Change from 96 Pres' Budget to Mid-Session	0	-0.1	0	0.1	-0.4	-0.6	-1	-1
1997 Pres' Budget	\$94.90	\$112	\$121.80	\$133.20	\$145.60	\$159.40	\$766.90	\$672
Change from 1996 Mid-Session to Pres' 1997 Budget	-2.2	-2.4	-2.7	-3.2	-3.8	-3.8	18.1	\$15.90
Change from 97 Pres' Budget to Mid-Session	-2.5	-3.3	-3.9	-4.3	-4.9	-5.5	24.4	\$21.90
Total Reduction	-4.7	-5.8	-6.6	-7.4	-9.1	-9.9	-43.5	\$38.80
1997 Mid-Session								
	1997	1998	1999	2000	2001	2002	97-02	98-02
Total Per Capita Fed	\$2,641	\$2,795	\$2,949	\$3,143	\$3,358	\$3,604	\$3,082	\$3,170
Aggr. (Total Medicaid)	7.27%	8.90%	8.50%	9.30%	9.20%	9.40%	9.00%	9.10%
Per Capita Growth	5.08%	7.10%	6.40%	7.00%	7.20%	7.70%	7.10%	7.06%

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FY90-95 Medicaid Expenditures per Person Year

TCC excluding DSH

	FY90	FY91	FY92	FY93	FY94	FY95
AK	4993	4679	4300	5406	4145	4202
AL	2435	2880	3499	2624	2780	3194
AR	2744	3111	3530	3723	3923	4094
AZ	n/a	2299	2903	2845	3273	2908
CA	2003	2012	2474	2270	2347	2461
CO	2509	3569	4051	4368	3668	4078
CT	4117	4687	8100	5372	6027	6026
DC	4760	4946	5566	5202	5741	6500
DE	2969	3891	4139	4053	4181	4663
FL	3139	3125	2955	2753	2993	3433
GA	2708	2931	3173	2922	3081	2995
HI	2880	3402	4034	3609	4625	n/a
LA	3198	3648	3886	4089	4159	4424
ID	3654	3697	3796	3615	3453	3441
IL	2128	1932	3070	3209	3116	3360
IN	5067	5010	5274	5866	4392	3088
KS	3216	3990	7397	4478	4855	3943
KY	2490	3184	3604	3170	3226	3289
LA	2737	3623	5627	4731	4487	4308
MA	5521	6601	6592	4725	5179	5835
MD	3751	4121	4992	4600	4778	4840
ME	3651	4221	4835	4235	4653	4715
MI	2841	3136	3447	3319	3646	3948
MN	16068	4843	5059	5206	5547	6021
MO	2330	3635	4499	2739	2920	3041
MS	1589	1954	2663	2245	2525	2863
MT	3524	3942	4123	4634	4445	4573
NC	3130	3546	3632	3309	3355	3770
ND	5191	6167	5010	4879	5190	5658
NE	3218	3655	3769	4221	4551	4552
NH	6111	7879	18681	5792	8123	6800
NJ	4620	5692	7362	5684	5395	5521
NM	2508	2898	3433	3871	3328	3170
NV	3607	3606	5676	4190	3650	3922
NY	5855	7776	7872	5983	6985	7454
OH	2722	3157	3600	3552	3713	4119
OK	3011	3225	3454	3338	3188	3255
OR	3188	3284	3455	3632	4118	7116
PA	2972	3799	4949	4250	4298	4323
RI	7718	n/a	4056	4217	6647	6129
SC	3304	4138	4377	3102	3265	3335
SD	3954	4020	4257	4492	4705	4832
TN	2249	2649	2986	2408	2968	3461
TX	2487	2687	3434	2794	3124	3202
UT	3139	3482	3625	3694	3671	3765
VA	3093	3232	3416	3230	3060	3165

VT	2975	3221	3679	3416	3338	3343
WA	3136	3443	4038	3632	3764	3654
WI	3388	3810	4168	4232	4548	4822
WV	1919	2545	3758	4131	4082	4028
WY	2800	3193	3512	3649	3987	4130



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***** CONFIDENTIAL *****

November 25, 1996 revised

POTENTIAL MEDICAID FY 1998 PROPOSALS

*Note: When available, a crude estimate of the FY 98-02 savings or cost of each proposal, reflected as low impact (L), medium impact (M), or high impact (H), is included in the left margin.

Italicized proposal are new proposals; non-italicized proposals are proposals from the 1996 per capita cap proposal.

Medicaid Proposals included in the Initiative for Children

- Baseline cost? • *Improve eligibility process to ensure eligibles are enrolled (Administrative)*
- Baseline cost? • *Expand outreach (Administrative)*
- cost L • *Market Medicaid enrollment to public (Administrative)*
- cost L • *Optional eligibility group for older children --accelerate enrollment of children's poverty-related eligibility groups*

Targeting Financial Assistance

- \$10 B • Reduce disproportionate share hospital (DSH) payments to states and establish Federal standards to target certain essential providers:
 - For example allocate 70-75% to public hospitals, 10-15% to FQHCs, and 10-20% other providers
 - Insure that DSH payments go directly to providers -- Modified
 - DSH proposal would be linked to change in proposal related to cost-based reimbursement for FQHCs

Working Families Proposals

- cost H • *Allow eligibility simplification at percent of poverty*
- cost H • *Modify Medically Needy income threshold*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria*
- save L • *Support State expansions to expansion populations by allowing optional premiums for expansions populations w/ incomes >100% of poverty*

State Flexibility**o Payment Rates**

- save L • Repeal the Boren amendment for hospitals

- minimal • Modify Boren amendment for nursing homes
- save L • Move to eliminate cost-based reimbursement for health clinics with transition linked to DSH proposal
- neutral • Eliminate OB/Peds physician qualification requirements
- neutral • Eliminate annual state reporting requirements for certain providers (Ob/Peds)

o Administrative

- save L • Simplify computer systems requirements
- save L • Eliminate personnel requirements
- cost L • *Require all states to participate in person-based data system (MSIS)*
- cost L • *Deem new SSI eligibles in first month*

o Managed Care

- cost ? • *Modify upper payment limit for capitation rates, enhance actuarial standards*
- ??? • Convert 1915(b) waivers to State Plan Amendments
- ??? • Eliminate 75/25 rule
- ??? • *Modify Federal review of managed care contracts with higher threshold - Modified.*
- neutral • *Develop quality review and monitoring procedures (Administrative)*
- neutral • *Create process to permit permanent extension of 1115 Demonstrations that meet Federal criteria*

Other

o Long Term care (LTC) Access

- cost L • *Allow States to simplify income and asset rules for institutionalized individuals*
- ?? • *Repeal authority for criminal penalties for persons who transfer assets to qualify for Medicaid*
- neutral • *PACE Demonstrations -- Grant full permanent provider status for entities*

o Nursing Home Reform

- neutral • *Nurse Aide Training Waivers*
- neutral • *Give States incentive to use alternative remedies to correct nursing home quality of care deficiencies*
- neutral • *Eliminate the duplicative inspection of care requirements in mental hospitals and ICFs/MR -- rely on survey and certification review process*
- neutral • *Alternative Sanctions in ICFs/MR*
- cost L • *Survey and Certification. match from 75% to 85%*

o Home and Community Based Services (HCBS)

- cost H • *Convert HCBS 1915(c) waivers into State Plan Option*
- cost L • *Legislate demonstration authority to allow direct payment to individuals*

- for HCBS*
- cost ? • *Eliminate the institutional level of care requirement for home and community-based services*
 - cost L • *Provide enhanced 75% Administrative Matching Rate for HCBS administration*

o American Indians/Alaska Natives

- neutral • *Allow tribal/urban Indian providers to bill directly for Medicaid*
- cost L • *Extend 100% Federal matching to urban Indian organizations*
- minima • *Provide Federal survey and certification of tribal/village providers*
- neutral • *Guarantee qualified IHS, tribal, and urban Indian organization providers (ITUs) the right to participate in State managed care networks*
- neutral • *Allow ITUs to participate in managed care systems as primary care case managers (PCCMs)*
- neutral • *Require hospitals to accept Medicare-like rates for non-Medicare Indian patients paid for by ITUs (as they must now for patients paid for by CHAMPUS & VA) -- Medicare*
- cost L • *Allow ITU free-standing clinics to bill Medicare Part B-- Medicare*

o Working Disabled to be Included in SSA Package

- cost M • *Provide premium-free Hospital Insurance (Part A) to all working disabled beneficiaries under Medicare -- included in Medicare and SSA legislative proposal lists*
- cost L • *Allow SSI beneficiaries who earn more than the 1619(b) thresholds to buy into Medicaid -- included in SSA list*

Medicaid Proposals Related to Welfare and Immigration Reform

o Welfare

- cost H • *State option to extend transitional Medicaid for an additional 12 months*

o Immigration

- cost M • *Optional eligibility for "qualified aliens" who would be eligible for SSI cash except for the welfare reform ban*
- cost L • *Restore parity for Cuban/Haitian entrants*
- ?? • *Add limits to amount of Medicaid sponsor deeming*
- ?? • *Exclude certain resources from Medicaid sponsor deeming*
- cost M • *Allow prenatal care option for newly arriving legal immigrants*
- cost H • *State option to provide Medicaid to newly arriving legal immigrant children and pregnant women*

Proposals Included in Per Capita Cap Proposal, Not on FY98 List

- Per capita cap proposal
- Repeal requirement for States to pay private insurance premiums when cost-effective.
- Permit all States to roll back higher, optional income levels for pregnant women and children to the Federally mandated level.
- Repeal cooperative agreements requirements.
- Establish commission on equity in Medicaid financing (FMAP).
- Two provisions related to per capita cap financing structure:
 - Modify and strengthen Medicaid Eligibility Quality Control system.
 - New reporting requirements to ensure program integrity.

Comparison of Medicaid FY 1997 President's Budget Savings Policies
Policies Scored by OMB and CBO, Using the FY 97 MSR and CBO 4/96 Baselines

Our FY 97 Policy, scored off MSR, over 5 years

Policy Scored by OMB OMB Scored \$59 Billion in the FY 97 PB		Policy in Legislation Scored by CBO	
		1997 - 2002	1997 - 2002
OMB Baseline	Adjusted FY 97 MSR Baseline	746.2	Adjusted FY 97 MSR Baseline 746.2
	Aggregate Growth	8.7%	Aggregate Growth 8.7%
	Per Capita Growth	6.6%	Per Capita Growth 6.6%
	Savings: 1/		Savings: 1/
	Per Capita Cap*	-36.7	Per Capita Cap* -17.1
	DSH	-25.6	DSH -25.6
	Pools	19.7	Pools 17.2
	Total Savings 2/	-42.6	Total Savings -25.5
	Resulting Baseline	703.6	Resulting Baseline 720.7
	Aggregate Growth	5.5%	Aggregate Growth 6.2%
Per Capita Growth	3.5%	Per Capita Growth 4.1%	
*Growth Index of Cap 4/	3.9%	*Growth Index of Cap 4/ 5.2%	
Adjustment to MSR GDP in 2002	-0.50%	Adjustment to MSR GDP in 2002 +0.50%	
Policy Scored by OMB		Policy in Legislation Scored by CBO CBO Scored \$54 Billion in 4/96	
		1997 - 2002	1997 - 2002
CBO Baseline	CBO April 96 Baseline	803.0	CBO April 96 Baseline 803.0
	Aggregate Growth	9.6%	Aggregate Growth 9.6%
	Per Capita Growth	7.0%	Per Capita Growth 7.0%
	Savings: 1/		Savings: 1/
	Per Capita Cap*	-36.9	Per Capita Cap* -19.1
	DSH	-32.1	DSH -32.1
	Pools	19.7	Pools 17.2
	Total Savings	-49.3	Total Savings 3/ -34.0
	Resulting Baseline	753.7	Resulting Baseline 769.0
	Aggregate Growth	6.7%	Aggregate Growth 7.3%
Per Capita Growth	4.1%	Per Capita Growth 4.7%	
*Growth Index of Cap 4/	3.8%	*Growth Index of Cap 4/ 5.1%	
Adjustment to CBO GDP in 2002	-0.50%	Adjustment to CBO GDP in 2002 +0.50%	

Notes:
1/ FY 97 President's Budget policies are delayed one year.
2/ This policy produced \$59 billion in savings off of the FY 97 PB baseline.
3/ This policy produced \$54 billion in savings off of the CBO 4/96 baseline.
4/ These estimates use the different GDP assumptions associated with the respective MSR and CBO baselines.

President's Budget Medicaid Policy Scored Using the FY 97 Mid-Session Review Baseline

The FY 1997 Mid-Session Review Medicaid baseline is \$26 billion lower than the FY 1997 President's Budget baseline over seven years. This reduction in the baseline leads to slightly lower savings estimates if you estimate the President's Medicaid policy (using the specs above) off of the new baseline.

	FY 1996 - 2002 (\$ in billions)
FY 97 Mid-Session Review Baseline	843.0 / 869
<u>Savings from the FY 97 PB Medicaid Policy</u>	<u>-52.9</u>
Resulting Baseline	790.1

Baseline Changes. The following table includes the highlights of the baseline changes from the FY 97 President's Budget to the Mid-Session Review.

Category	President's Budget Seven-Year Total	Mid-Session Review Seven-Year Total	Difference (negative = lower MSR estimate)
Non-DSH Benefits	\$750.9 billion	\$727.3 billion	-\$23.6 billion
DSH	\$ 80.5 billion	\$ 78.1 billion	-\$2.4 billion
Total Spending	\$869.0 billion	\$843.0 billion	-\$26.0 billion
Recipients in 2002	46.7 million	45.8 million	-0.9 million
Per Capita Growth	6.4%	6.1%	-0.3%

Savings Estimates. The President's Budget Medicaid policy yields \$52.9 billion in federal savings over seven years off of the FY 1997 Mid-Session Review baseline, a baseline reduction of approximately 6.3% over seven years. The savings can be broken down into the following categories:

FY 1997 Mid-Session Review Baseline	7-Year Cost/Savings (\$ in billions)
Per Capita Cap	-41.7
DSH	-31.4
<u>Pool Payments</u>	<u>+20.2</u>
Total Savings	-52.9

Per Capita Cap. Although baseline spending on non-DSH benefits dropped by \$24 billion from the President's Budget to the Mid-Session Review baseline, savings generated from the cap

dropped by only \$3.7 billion. This occurs mainly because the Mid-Session Review projections of the growth in nominal GDP per capita are lower than the projections in the President's Budget. **Therefore, even though the same add-ons to nominal GDP per capita were used, the resulting index for the Mid-Session Review is approximately 0.6% lower than the index for the President's Budget.** Although the baseline projections of per capita growth fell slightly from the President's Budget to the Mid-Session Review, the Mid-Session cap constrains growth more tightly. This combination has the effect of "recouping" savings that would have been lost if projections of growth in nominal GDP were held constant. The following table shows the changes in the projections the growth in nominal GDP per capita and the index:

(Seven year average annual growth)	Growth in 5-year average nominal GDP per capita	Per Capita Cap Index
President's Budget	3.67%	3.92%
Mid-Session Review	3.57%	3.30%

DSH. Under the President's Budget policy, federal DSH payments are capped. Therefore, the savings generated by the DSH policy decrease by the same amount as the drop in the baseline from the FY 1997 President's Budget to the Mid-Session Review (\$2.4 billion).

Transition Pools. The cost of the transition pools is the same for both the President's Budget and the Mid-Session Review.

Medicaid Per Capita Cap

I. FY 1997 President's Budget Policy and Scoring off of the FY 97 PB Baseline

II. FY 1997 President's Budget Policy and Scoring off of the FY 97 MSR Baseline

(Dollars in Billions)

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>Total 1996 - 2002</u>	<u>Total 1997 - 2002</u>
<u>I. FY 1997 President's Budget</u>										
PER CAPITA CAP										
Current Law Spending Subject to Cap	71.8	78.8	85.0	93.4	101.9	112.0	123.1	135.5	729.8	651.0
Savings from Cap	0.0	0.0	-0.5	-2.4	-4.4	-8.0	-12.4	-17.8	-45.4	-45.4
5-yr avg. GDP Per Capita Growth		3.68%	4.09%	4.19%	4.19%	4.15%	4.16%	4.25%	3.67%	3.61%
Additional Growth Allowance		2.18%	0.00%	0.00%	0.00%	-0.50%	-0.50%	-0.50%		
Index		5.86%	4.09%	4.19%	4.19%	3.65%	3.66%	3.75%	3.92%	3.89%
DSH										
Current Law DSH Spending	11.0	9.8	10.0	10.7	11.4	12.1	12.9	13.7	80.5	70.7
New DSH Limit			9.3	7.9	6.4	5.0	4.5	4.0	37.1	37.1
DSH Savings	0.0	0.0	-0.7	-2.8	-5.0	-7.1	-8.4	-9.7	-33.6	-33.6
POOL PAYMENTS										
Undocumented Immigrants	0.0	0.0	0.7	0.7	0.7	0.7	0.7	n/a	3.5	3.5
FQHC	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	3.0	3.0
Transition Payments	0.0	0.0	3.3	3.3	2.6	2.6	1.9	n/a	13.7	13.7
Total Pool Payments	0.0	0.0	4.5	4.5	3.8	3.8	3.1	0.5	20.2	20.2
DSH Savings Net of Pool Payments	0.0	0.0	3.8	1.7	-1.2	-3.3	-5.3	-9.2	-13.4	-13.4
TOTAL SAVINGS	0.0	0.0	3.3	-0.7	-5.6	-11.3	-17.6	-27.0	-58.8	-58.8
<u>II. FY 1997 Mid-Session Review</u>										
PER CAPITA CAP										
Current Law Spending Subject to Cap	72.1	77.0	81.5	90.0	97.8	107.2	117.5	129.1	700.0	623.0
Savings from Cap	0.0	0.0	-0.2	-2.4	-4.1	-7.4	-11.3	-16.2	-41.7	-41.7
5-yr avg. GDP Per Capita Growth		3.68%	3.95%	4.05%	4.05%	3.99%	4.02%	4.24%	3.57%	3.52%
Additional Growth Allowance		2.18%	0.00%	0.00%	0.00%	-0.50%	-0.50%	-0.50%		
Index		5.86%	3.95%	4.05%	4.05%	3.49%	3.52%	3.74%	3.30%	3.22%
DSH										
Current Law DSH Spending	10.7	9.6	9.8	10.4	11.0	11.7	12.4	13.2	78.1	68.5
New DSH Limit			9.3	7.9	6.4	5.0	4.5	4.0	37.1	37.1
DSH Savings	0.0	0.0	-0.5	-2.5	-4.6	-6.7	-7.9	-9.2	-31.4	-31.4
POOL PAYMENTS										
Undocumented Immigrants	0.0	0.0	0.7	0.7	0.7	0.7	0.7	n/a	3.5	3.5
FQHC	0.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	3.0	3.0
Transition Payments	0.0	0.0	3.3	3.3	2.6	2.6	1.9	n/a	13.7	13.7
Total Pool Payments	0.0	0.0	4.5	4.5	3.8	3.8	3.1	0.5	20.2	20.2
DSH Savings Net of Pool Payments	0.0	0.0	4.0	2.0	-0.8	-2.9	-4.8	-8.7	-11.2	-11.2
TOTAL SAVINGS	0.0	0.0	3.8	-0.4	-4.9	-10.3	-16.1	-24.9	-52.9	-52.9

Preliminary Staff Estimates of Illustrative Medicaid Savings Options

\$47 Billion over 5 Years (Dollars in Billions)	
	<u>1997 - 2002</u>
Revised MSR Baseline	746.2
Aggregate Growth	8.7%
Per Capita Growth	6.6%
Savings:	
Per Capita Cap*	-34.3
DSH	-25.6
Pools	12.5
Total Savings	-47.4
Resulting Baseline	698.8
Aggregate Growth	5.4%
Per Capita Growth	3.4%
*Growth Index of Cap	4.1%

\$59 Billion over 5 Years (Dollars in Billions)	
	<u>1997 - 2002</u>
Revised MSR Baseline	746.2
Aggregate Growth	8.7%
Per Capita Growth	6.6%
Savings:	
Per Capita Cap*	-34.3
DSH	-34.4
Pools	8.8
Total Savings	-59.9
Resulting Baseline	686.3
Aggregate Growth	4.8%
Per Capita Growth	2.8%
*Growth Index of Cap	4.1%

MEDICAID: WHAT IS AT STAKE IN THE BUDGET NEGOTIATIONS

January 23, 1996

MEDICAID GUARANTEE. Republicans are insisting on ending the Medicaid guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care -- even though it is not necessary to balance the budget.

Republicans want to replace the Medicaid guarantee with a deeply underfunded block grant that could *deny health benefits to 3-6 million Americans in 2002, including more than 1 million children.* And the *only* required benefits would be immunizations and limited family planning -- hardly what one would call "coverage." The depth of the Medicaid cuts could force States to significantly reduce coverage, increasing the number of uninsured people, uncompensated care, and cost-shifting to people with private insurance.

President Clinton is refusing to go backwards on coverage, insisting on retaining the guarantee of meaningful Medicaid health benefits for people with disabilities, pregnant women, poor children, and older Americans in need of nursing home care.

DEPTH OF THE CUTS. Republicans want to cut Federal Medicaid funding to States by \$85 billion in order to pay for an excessive tax cut for the well-off.

Republicans are insisting on \$85 billion in Medicaid cuts -- 45% more than the President -- largely to fund an excessive tax cut. They would cut spending growth per person to rates one-third below inflation. And the total Medicaid cuts would more than triple if States only spent the minimum required.

President Clinton's balanced budget achieves \$59 billion in savings by capping spending growth per beneficiary, giving States incentives to reduce costs without denying anyone health care coverage while providing States with unprecedented flexibility to operate their programs and pay providers.

LEAVES STATES VULNERABLE. Republicans are insisting on block granting Medicaid, which will leave States vulnerable to economic downturns, inflation, demographic changes, and natural disasters -- even though it is not necessary to balance the budget.

Under a block grant, States would be responsible for 100% of the additional costs from circumstances beyond their control. According to analysis by the Center on Budget and Policy Priorities, if inflation were just 1 percentage point higher than projected over 7 years, States would have to spend about \$65 billion more, or cut eligibility, benefits, or establish waiting lists.

President Clinton is standing firm on maintaining the 30-year Federal partnership with States, protecting States from circumstances beyond their control and increasing State flexibility.

NURSING HOME QUALITY STANDARDS. Republicans want to repeal Federal enforcement of the nursing home quality standards that have dramatically improved the quality of nursing home care -- even though it is not necessary to balance the budget.

Excessive Medicaid cuts combined with the elimination of Federal enforcement of nursing home quality standards may lead to inadequate and inconsistent enforcement of quality.

President Clinton's balanced budget retains Federal quality standards and enforcement. Since these Federal standards were signed into law by President Reagan, there has been a 50% reduction in dehydration among nursing home residents, a 31% reduction in hospitalization rates, and a 25% reduction in the use of physical restraints.

FINANCIAL PROTECTIONS. Republicans want to repeal financial protections for families, their homes and farms -- even though this is not necessary to balance the budget.

Republicans would repeal the laws that prevent States from forcing adult children to have to pay for their parents' nursing home care, if their income is above the State median income -- even though it is not necessary to balance the budget. They would repeal laws that protect families from having to sell their home or family farm in order to qualify for Medicaid, and would repeal the laws that restrict the placing of liens on homes and family farms of Medicaid recipients.

President Clinton's balanced budget maintains current financial protections.

POOR ELDERLY AND PEOPLE WITH DISABILITIES' ACCESS TO MEDICARE. Republicans are insisting on repealing the guarantee that Medicaid pay poor older Americans and people with disabilities' Medicare premiums, deductibles, and copayments.

The Medicaid guarantee of assistance with Medicare premiums, deductibles, and copayments ensures that more than 5 million poor older Americans and people with disabilities can afford Medicare physician services. Yet Republicans do not set aside *any* Medicaid block grant funding for Medicare deductibles and copayments, and set aside less than half of the funds needed to cover premiums. Hundreds of thousands of poor and near poor older Americans and people with disabilities could lose funding for their Medicare premiums -- at the same time that Republicans would increase Medicare premiums.

President Clinton's balanced budget maintains the guarantee of this critical assistance.

SPOUSAL IMPOVERISHMENT PROTECTIONS. Republicans would undermine protections for spouses of nursing home residents from impoverishment -- even though it is not necessary to balance the budget.

Republicans undermine these spousal impoverishment protections by repealing the guarantee of nursing home coverage, making it more difficult for the Federal government to ensure that States enforce spousal impoverishment protections, and repealing the right of spouses to seek redress in Federal court if they are wrongly denied protection.

President Clinton's balanced budget maintains the current spousal impoverishment protections which have protected about 450,000 spouses of nursing home residents since they went into effect. Most of these spouses are women.

**MEDICAID:
Comparison of Two Different Approaches
January 23, 1996**

I. Cost Differences

	President	Republicans	Difference
Federal Spending Reductions (1996 - 2002)	-\$59 billion Federal	-\$85 billion Federal	Republican plan cuts Federal spending by \$26 billion (45%) more than the President's plan. Total Federal and state cuts would triple (\$285 billion) if states only spend the minimum required.
7-Year Growth Rates Per Person *	5%	2%	Republican plan slows spending per person to rates 33% below inflation -- making it a cut in real terms.
Estimated Number of People Losing Coverage in 2002	0	3 to 6 million	Even if states were to significantly slow spending growth, they could be forced to reduce coverage by 3 to 6 million in 2002 under the Republican plan.

* The Republicans' \$85 billion offer (January 8) was not accompanied by specific policies or CBO scoring so the policies associated with the \$117 billion proposal were used. Assumes baseline enrollment growth rates.

**MEDICAID:
Comparison of Two Different Approaches**

II. Policy Differences

	President	Republicans*
Coverage Guarantee	Maintains individual entitlement to meaningful benefits.	Repeals Federal guarantee of coverage, and only requires immunization and limited family planning services.
Financial Protection for States	Shares unexpected costs of recession, inflation or demographic changes.	Fixes Federal funding -- leaving states responsible for 100% of unexpected costs.
Family Protections	Maintains protections against spousal and family impoverishment when the relative is in a nursing home.	Weakens asset and spousal protections, and repeals protections for adult children with incomes above the median state income.
Quality Protections	Maintains Federal nursing home quality standards and requires quality standards for Medicaid managed care plans.	Appears to retain nursing home quality protections, but in fact substantially weakens the protection because there is no Federal authority to enforce quality provisions either across states or within states. Repeals Federal managed care quality standards.
Medicare Protections	Maintains guarantee of coverage for low-income Medicare beneficiaries.	Eliminates guarantee; "set asides" do not cover cost sharing, and are not sufficient to cover premiums.

CBO Estimate of President's Budget Plan for Medicaid
(By fiscal year, in billions of dollars)

1998
Budget

	2002	1998-2002	1998-2007
MEDICAID BASELINE	143.8	618.4	1541.2
Aggregate Growth		7.8%	8.2%
Per Capita Growth		6.3%	6.7%
PRESIDENT'S FY 1998 BUDGET /1			
SAVINGS			
Per Capita Cap Savings (index average of 5.0%)	-3.9	-8.5	-54.3
Disproportionate Share Hospital (DSH) Savings	-5.6	-16.6	-61.7
Pools			
Federally Qualified Health Centers	0.2	1.4	1.5
Transition Pool	0.1	1.0	1.0
TOTAL SAVINGS	<u>-9.2</u>	<u>-22.7</u>	<u>-113.5</u>
INVESTMENTS			
Welfare Changes			
Exempt Certain SSI Disabled Legal Immigrants	0.7	3.7	6.3
Exempt Disabled Legal Immigrants from 5-Year Ban	0.8	1.8	12.4
Exempt Legal Immigrant Kids from 5-Year Ban	0.1	0.4	1.1
Keep Medicaid for Disabled Kids	0.2	1.0	2.5
SUBTOTAL	1.8	6.8	22.3
Children's Health Initiative (Medicaid portion)			
12-Month Continuous Eligibility	1.1	4.9	11.2
Outreach (indirect effect): State Grant Program	0.2	0.8	1.7
SUBTOTAL	1.3	5.7	13.0
Other			
Puerto Rico/Territories Increase	0.1	0.3	0.6
Extension of VA Sunset	0.3	1.1	3.0
Working Disabled	0.0	0.0	0.1
Raise DC FMAP to 70%	0.2	0.9	2.3
One-Year Elimination of Vaccine Excise Tax	0.0	-0.1	-0.1
SUBTOTAL	0.6	2.3	6.0
Interactions			
Medicare Part B Premium Increase	0.4	0.9	6.3
TOTAL INVESTMENTS	<u>4.1</u>	<u>15.6</u>	<u>47.6</u>
NET MEDICAID SAVINGS	<u>-5.1</u>	<u>-7.0</u>	<u>-65.9</u>
NET MEDICAID SPENDING			
Aggregate Growth /2		6.4%	6.8%
Per Capita Growth /2		4.9%	5.4%

/1 Reflect the policy in the President's legislative language, released on 3/27/97, informally scored by CBO on March 4, 1997.

Index of nominal GDP per capita plus 2% in 1998, 1% in 1999 and subsequent years

/2 The growth rates are for 1997 to 2002 (first column) and 1997 to 2007 (second column) and do not include investments.

Numbers may not sum to totals due to rounding

ILLUSTRATIVE MEDICAID AND HEALTH INVESTMENT OPTIONS

(Dollars in billions, FY 1998 - 2002)

	President's Budget	Option 1: Increase Grant	Option 2: Increase Medicaid
MEDICAID SAVINGS			
Per Capita Cap Savings	-8.5	-8.5	-8.5
DSH Savings	-16.6	-16.6	-16.6
Pools			
Federally Qualified Health Centers	1.4	1.4	1.4
Transition Pool	1.0	1.0	1.0
TOTAL SAVINGS	-22.7	-22.7	-22.7
INVESTMENTS			
Welfare Changes			
Exempt Certain SSI Disabled Legal Immigrants	3.7	3.7	3.7
Exempt Disabled Legal Immigrants from 5-Year Ban	1.8	1.8	1.8
Exempt Legal Immigrant Kids from 5-Year Ban	0.4	0.4	0.4
Keep Medicaid for Disabled Kids	1.0	1.0	1.0
SUBTOTAL	6.8	6.8	6.8
Children's Provisions			
12-Month Continuous Eligibility	4.9	4.9	5.2
Indirect effect of Grant Program	0.8	2.1	1.1
Kids Expansion Option	0.0	0.0	4.4
SUBTOTAL	5.7	7.0	10.7
Other			
Puerto Rico Increase	0.3	0.3	0.3
Extension of VA Sunset	1.1	1.1	1.1
Working Disabled	0.0	0.0	0.0
Raise DC FMAP to 70%	0.9	0.9	0.9
Eliminate Vaccine Excise Tax	-0.1	-0.1	-0.1
SUBTOTAL	2.3	2.3	2.3
Interactions			
Medicare Part B Premium Increase	0.9	0.9	0.9
TOTAL INVESTMENTS	15.6	17.0	20.7
NET MEDICAID SAVINGS	-7.0	-5.7	-2.0
NONMEDICAID INVESTMENTS			
Workers between Jobs	9.8	0.0	0.0
State Grant Program	3.8	10.0	6.5
TOTAL INVESTMENTS	13.6	10.0	6.5
TOTAL (IMPACT ON THE DEFICIT)	6.6	4.3	4.5
INVESTMENT IN HEALTH COVERAGE	19.3	17.0	17.2

Note: DRAFT PRELIMINARY: Staff estimates of CBO scoring; interactions not fully taken into account.

Gray areas indicate changes from the previous column

WELFARE AND MEDICAID

Initially, our approach to restore SSI and Medicaid for certain legal immigrants who lost their new coverage as a result of last year's welfare law, was to introduce legislation to provide coverage for these populations. After these proposals were introduced in the President's budget, HCFA and OMB confirmed that they may, in fact, be able to fix many of these problems through regulations. The following is a description of our legislative and regulatory proposals as they pertain to Medicaid coverage for various groups of legal immigrants and where these different approaches do and do not overlap.

The President's Legislative Proposals

Exempt Certain SSI Disabled Legal Immigrants. The welfare law places a 5-year Medicaid ban on all legal immigrants. This proposal would exempt current disabled legal immigrants from this five year ban and from the new deeming laws. This proposal costs **\$3.7 billion between 1998 and 2002 and \$.7 in 2002.**

Exempt Disabled Legal Immigrants from 5-year Ban. This proposal would maintain the ban from Medicaid coverage for people with disabilities coming into the country but would permit Medicaid coverage for legal immigrants who become disabled after they enter this country. It costs **\$1.8 billion between 1998 and 2002 and \$.8 in 2002.**

These two proposals would provide Medicaid coverage for 195,000 disabled legal immigrants in 1998 -- the vast majority of which coming from the retrospective protections..

Exempt Legal Immigrant Kids from 5-year Ban. Under current law legal immigrant children, like all other legal immigrants, will lose their Medicaid for 5 years. The President's budget proposes to restore Medicaid to legal immigrant children who are poor. This proposal would restore Medicaid to approximately 30,000 non-disabled legal immigrant children. This proposal costs **\$.4 billion between 1998 and 2002 and \$.1 in 2002.**

Keep Medicaid for Disabled Kids. The President's budget would restore Medicaid eligibility for about 30,000 disabled children who will lose their SSI as a result of the tightened definition of SSI eligibility. This proposal costs **\$1.0 billion between 1998 and 2002 and \$.2 in 2002.**

CBO Estimate of President's Budget Plan for Medicaid
(By fiscal year, in billions of dollars)

	2002	1998-2002	1998-2007
MEDICAID BASELINE	143.8	618.4	1541.2
Aggregate Growth		7.8%	8.2%
Per Capita Growth		6.3%	6.7%
PRESIDENT'S FY 1998 BUDGET /1			
SAVINGS			
Per Capita Cap Savings (Index average of 5.0%)	-3.9	-8.5	-54.3
Disproportionate Share Hospital (DSH) Savings	-5.6	-16.6	-61.7
Pools			
Federally Qualified Health Centers	0.2	1.4	1.5
Transition Pool	0.1	1.0	1.0
TOTAL SAVINGS	-9.2	-22.7	-113.5
INVESTMENTS			
Welfare Changes			
Exempt Certain SSI Disabled Legal Immigrants	0.7	3.7	6.3
Exempt Disabled Legal Immigrants from 5-Year Ban	0.8	1.8	12.4
Exempt Legal Immigrant Kids from 5-Year Ban	0.1	0.4	1.1
Keep Medicaid for Disabled Kids	0.2	1.0	2.5
SUBTOTAL	1.8	6.8	22.3
Children's Health Initiative (Medicaid portion)			
12-Month Continuous Eligibility	1.1	4.9	11.2
Outreach (indirect effect): State Grant Program	0.2	0.8	1.7
SUBTOTAL	1.3	5.7	13.0
Other			
Puerto Rico/Territories Increase	0.1	0.3	0.6
Extension of VA Sunset	0.3	1.1	3.0
Working Disabled	0.0	0.0	0.1
Raise DC FMAP to 70%	0.2	0.9	2.3
One-Year Elimination of Vaccine Excise Tax	0.0	-0.1	-0.1
SUBTOTAL	0.6	2.3	6.0
Interactions			
Medicare Part B Premium Increase	0.4	0.9	6.3
TOTAL INVESTMENTS	4.1	15.6	47.6
NET MEDICAID SAVINGS	-5.1	-7.0	-65.9
NET MEDICAID SPENDING			
Aggregate Growth /2		6.4%	6.8%
Per Capita Growth /2		4.9%	5.4%

/1 Reflect the policy in the President's legislative language, released on 3/27/97, informally scored by CBO on March 4, 1997.

Index of nominal GDP per capita plus 2% in 1998, 1% in 1999 and subsequent years

/2 The growth rates are for 1997 to 2002 (first column) and 1997 to 2007 (second column) and do not include investments.

Numbers may not sum to totals due to rounding

**Medicare Savings From Premium Options
(Fiscal Years, Dollars in Billions)**

	1998-2002	1998-2007
HIGH INCOME PREMIUMS		
\$90 / 115,000 (HSA)*	4.2	19.5
\$60 / 90,000 (BBA)*	4.7	21.6
\$50 / 90,000 (Blue Dogs)*	5.6	26.2
BLUE DOG HOME HEALTH**	3.5	12.7
HOME HEALTH PHASE IN***		
Seven Years	9.0	40.0
Ten Years	6.0	30.0
COMBINATIONS: HIGH-INCOME & HOME HEALTH		
\$90 / 115,000 (HSA)**	7.2	31.0
\$60 / 90,000 (BBA)**	7.7	33.4
\$50 / 90,000 (Blue Dogs)*	9.0	39.0

* CBO preliminary estimates of "HCFA Collection / BBA set-up", 5/1/97

** Estimates based on CBO preliminary estimates (adds "Middle collections" for Blue Dog Home Health)

*** Administration staff estimates; rough and preliminary

Blue Dog Home Health means that beneficiaries w/income < \$30,000 are exempt.

Note: About 28% of the savings from the income-related premiums is lost due to HHS administration.

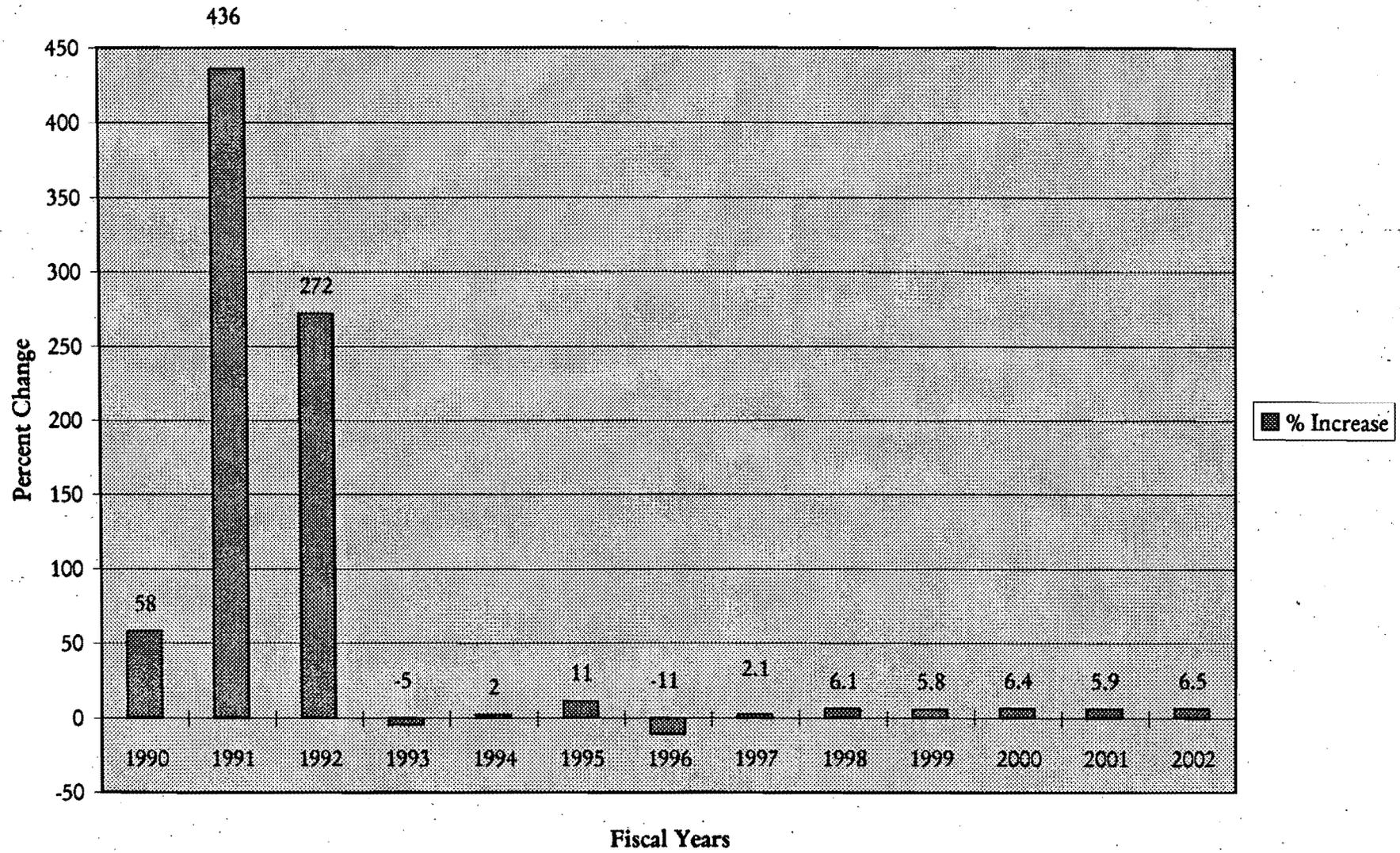
NOTE: The home health transfer to Part B contributed to extending the life of the Part A Trust fund to 2008. All Part B services are included in the Part B premium.

DSH Spending	
STATE	DSH Expenditures as a Percent of FY 1995 Medicaid Expenditures.
Louisiana	21.4%
New Hampshire	17.2%
Missouri	15.9%
South Carolina	15.8%
Alabama	15.1%
Maine	11.4%
New Jersey	11.2%
Texas	11.0%
Mississippi	9.3%
Nevada	8.2%
Connecticut	8.1%
Georgia	7.3%
North Carolina	7.2%
Pennsylvania	7.1%
California	6.8%
Kentucky	6.4%
New York	6.3%
Rhode Island	6.2%
Ohio	6.2%
Washington	6.1%
Colorado	6.1%
Indiana	6.0%
Massachusetts	5.7%
Kansas	5.6%
Vermont	5.2%
West Virginia	5.0%
Michigan	4.8%
Illinois	3.4%
Alaska	3.3%
Florida	3.1%
Maryland	3.0%
District of Columbia	2.9%
Virginia	1.7%
Oklahoma	1.5%
Oregon	1.4%
Delaware	1.1%
Iowa	0.7%
New Mexico	0.6%
Nebraska	0.6%
Utah	0.6%
Minnesota	0.6%
Idaho	0.4%
North Dakota	0.3%
Wisconsin	0.3%
South Dakota	0.2%
Arkansas	0.2%
Montana	0.0%
Arizona	0.0%
Hawaii	0.0%
Tennessee	0.0%
Wyoming	0.0%

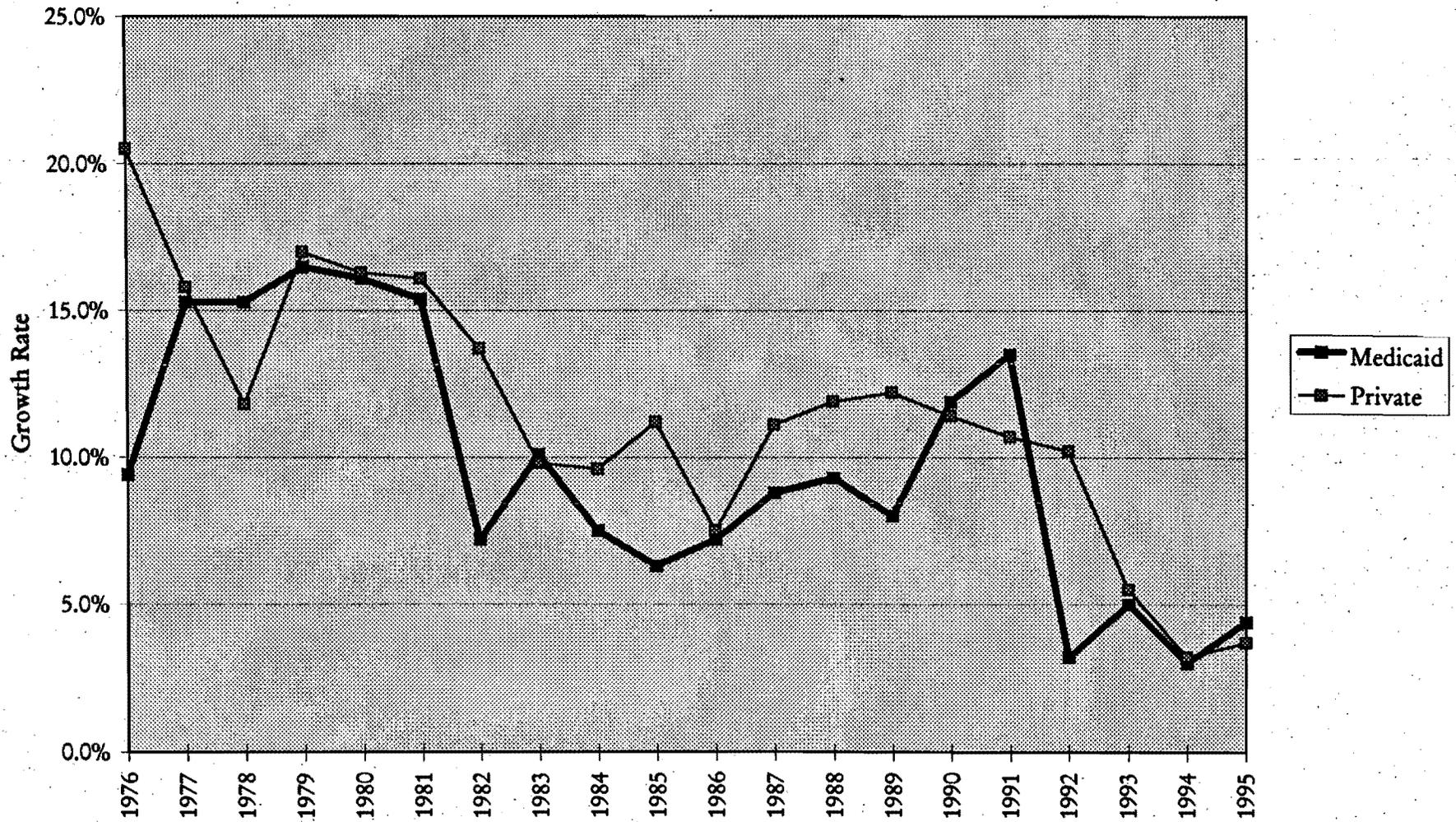
TOTAL STATE PER CAPITA COSTS FOR FY 1995 (In Descending Order)
 (Total Computable Costs excluding DSH)

	FY95 Actual Dollars	Average Annual Growth from FY 90-95
NY	\$7,454	4.9%
OR	\$7,116	17.4%
NH	\$6,800	2.2%
DC	\$6,500	6.4%
RI	\$6,129	-4.5%
CT	\$6,026	7.9%
MN	\$6,021	-17.8%
MA	\$5,835	1.1%
ND	\$5,658	1.7%
NJ	\$5,521	3.6%
MD	\$4,840	5.2%
SD	\$4,832	4.1%
WI	\$4,822	7.3%
ME	\$4,715	5.2%
DE	\$4,663	9.4%
MT	\$4,573	5.3%
NE	\$4,552	7.2%
IA	\$4,424	6.7%
PA	\$4,323	7.8%
LA	\$4,308	9.5%
AK	\$4,202	-3.4%
WY	\$4,130	8.1%
OH	\$4,119	8.6%
AR	\$4,094	8.3%
CO	\$4,078	10.2%
WV	\$4,028	16.0%
MI	\$3,948	6.8%
KS	\$3,943	4.2%
NV	\$3,922	1.7%
NC	\$3,770	3.8%
UT	\$3,765	3.7%
WA	\$3,654	3.1%
TN	\$3,461	9.0%
ID	\$3,441	-1.2%
FL	\$3,433	1.8%
IL	\$3,360	9.6%
VT	\$3,343	2.4%
SC	\$3,335	0.2%
KY	\$3,289	5.7%
OK	\$3,255	1.6%
TX	\$3,202	5.2%
AL	\$3,194	5.6%
NM	\$3,170	4.8%
VA	\$3,165	0.5%
IN	\$3,088	-9.4%
MO	\$3,041	5.5%
GA	\$2,995	2.0%
AZ	\$2,908	6.1%
MS	\$2,863	12.5%
CA	\$2,461	4.2%
HI	n/a	12.6%

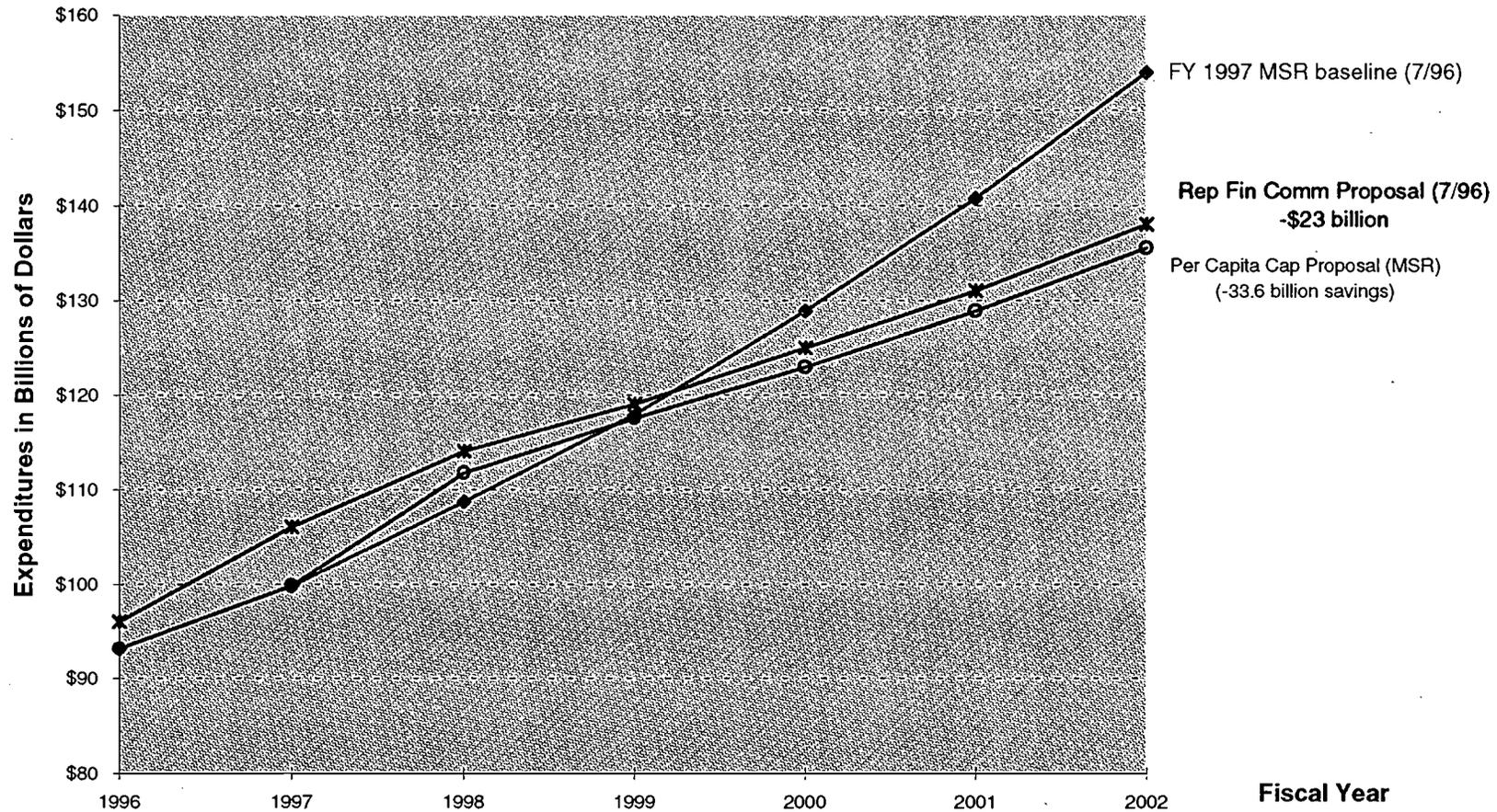
Percentage Change in DSH Spending



Annual Percent Increase in Medicaid Expenditures per Enrollee vs. Private Health Insurance



Medicaid Spending Adjusted for Reform Proposals, 1996-2002



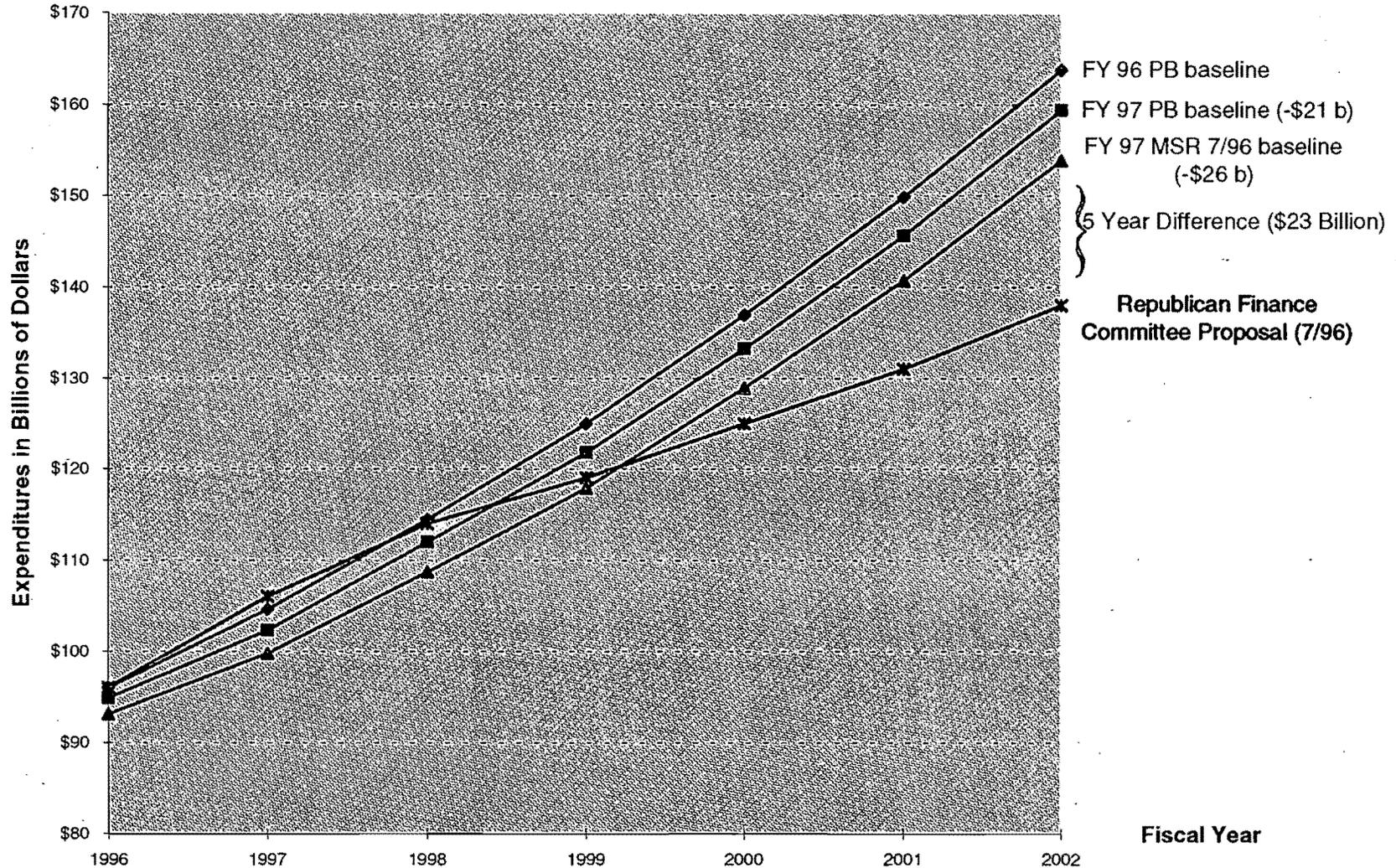
Rep Fin Comm Proposal (7/96): -\$23 billion off the MSR, FY 1998-2002

PCC = Pres. Budget Medicaid Policy Slipped One Year, Total Savings: -\$33.6 billion

Sources: "Administration Baselines: Federal Medicaid Outlays", OMB, November 18, 1996.

"Medicaid Stream Comparisons", HHS, ASMB, November, 1996.

Medicaid Baselines, 1996-2002



5 Year Difference of \$23 billion is FY 1998-2002 difference between the FY 97 MSR and the Rep. Fin. Comm. Proposal
 FY97 PB baseline -\$21 billion 96-02 from the FY96 PB baseline. FY97 MSR 7/96 baseline -\$26 billion 96-02 from FY97 PB

**FY 1997 President's Budget Medicaid Policy Slipped One Year
Before Baseline Adjustments
(Dollars in Billions)**

<u>Estimated OMB Scoring of OMB Policy</u>		
	5-Yr Total	6-Yr Total
	98 - 02 ^{2/}	98 - 03 ^{3/}
FY 97 Mid-Session Review Baseline ^{1/}	650.1	818.1
Aggregate Growth	9.0%	9.1%
Per Capita Growth	6.4%	6.5%
Savings:		
Per Capita Cap*	-27.7	-45.9
DSH Reform	-25.6	-35.5
Transition Pools	19.7	20.2
Total Savings	-33.6	-61.2
(Total Savings in Last Year of Policy)	-18.4	-27.5
Resulting Baseline	616.5	756.9
Aggregate Growth	6.3%	5.9%
Per Capita Growth	3.7%	3.4%
*Growth Index of Per Capita Cap	3.9%	3.9%
Adjustment to OMB GDP in Last Year	-0.5%	-0.5%

<u>Estimated CBO Scoring of CBO Policy</u>		
	5-Yr Total	6-Yr Total
	98 - 02 ^{2/}	98 - 03 ^{3/}
April 1996 CBO Baseline ^{1/}	697.9	880.9
Aggregate Growth	9.7%	9.7%
Per Capita Growth	7.0%	7.1%
Savings:		
Per Capita Cap*	-19.1	-31.9
DSH Reform	-32.1	-43.1
Transition Pools	17.2	17.7
Total Savings	-34.0	-57.4
(Total Savings in Last Year of Policy)	-17.2	-23.3
Resulting Baseline	663.9	823.6
Aggregate Growth	7.3%	7.3%
Per Capita Growth	4.7%	4.7%
*Growth Index of Per Capita Cap	5.1%	4.9%
Adjustment to CBO GDP in Last Year	+0.5%	+0.0%

1/ The baselines have NOT been adjusted for the impact of welfare reform or FY 1996 actual spending.

2/ Growth rates for the five-year total are measured from FY 1997 - 2002.

3/ Growth rates for the six-year total are measured from FY 1997 - 2003.

FY 1997 President's Budget Medicaid Policy
(Dollars in Billions)

Actual OMB Scoring ^{1/}	
	6-Year Total 1997 - 2002
FY 97 President's Budget Baseline	774.2
Aggregate Growth (97-02)	9.3%
Per Capita Growth (97-02)	6.8%
Savings:	
Per Capita Cap*	-45.4
DSH Reform	-33.6
Transition Pools	20.2
Total Savings	-58.8
Resulting Baseline	715.4
Aggregate Growth (97-02)	4.6%
Per Capita Growth (97-02)	2.4%
*Growth Index of Per Capita Cap (97-02)	3.9%
Adjustment to OMB GDP in 2002	-0.5%

Actual CBO Scoring	
	6-Year Total 1997 - 2002
April 1996 CBO Baseline	802.7
Aggregate Growth (97-02)	9.7%
Per Capita Growth (97-02)	7.0%
Savings:	
Per Capita Cap*	-35.1
DSH Reform	-39.3
Transition Pools	17.7
Total Savings ^{2/}	-53.7
Resulting Baseline	749.0
Aggregate Growth (97-02)	6.3%
Per Capita Growth (97-02)	3.7%
*Growth Index of Per Capita Cap (97-02)	3.7%
Adjustment to CBO GDP in 2002	+0.0%

1/ The FY 1997 President's Budget policies produce \$53 billion in savings when scored off of the FY 1997 Mid-Session Review Baseline.

2/ Total Savings are net of the costs of VA and Medicare interactions with Medicaid.