



FAX TRANSMISSION

U.S. Department of Health and Human Services
Office of the Secretary

To: Chris Jennings

Organization: _____

From: John Monahan
Intergovernmental Affairs

Date: _____

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Recipient's Fax Number: _____

Number of pages including this sheet: _____

Remarks:

2

FACSIMILE COVER PAGE

To: John Monahan	Time: 08:39:40
From: Alan Weil	Date: 05/15/95
Subject: Microsoft Word - DGAPRCPL.DOC	
Pages (including cover): 2	

John Katie-

Here are the draft principles that I shared with FL, VT, MO last week. I meant this as a laundry list—I think it needs reworking. So far, everyone seems okay with the list. As we will fax this out to all Ds, please comment IMMEDIATELY if there are changes you think we need to make.

Alan Weil
303-866-2868

456-

Friends-

PLEASE REVIEW IMMEDIATELY

Here is a page of options. A B are what we discussed. I felt it was important to include C_D just so we know the direction people are thinking if they don't like A_B. Obviously, there are many ways to structure the details within these options. Please comment before this goes out to everyone.

Alan Weil
303-866-2868

Principles:

The Medicaid program provides a critical safety-net of services to a broad range of Americans -- children, families, people with disabilities, and the elderly. Preservation of this safety net is essential.

Medicaid must remain a partnership between states and the federal government. For the federal government to turn over the entire responsibility for health care to the states would subject our most vulnerable citizens to the vagaries of regional economic cycles.

Medicaid should be reformed to reflect a true partnership between the states and the federal government. Immediate reforms should include permitting states to use managed care in Medicaid without requiring a federal waiver, and eliminating restrictive federal rules on Medicaid payment rates. Governors have been asking for these changes for years. Congress should try the changes the people who run the program have been asking for for years rather than dismantling the entire Medicaid program.

Democratic governors believe in the need for a balanced federal budget and believe that Medicaid must be included in consideration of budget cuts along with all other federal programs. However, Democratic governors will not support massive cuts in safety-net programs in order to finance the Republican tax-cut agenda.

Democratic governors have proposed a set of reasonable cuts in the Medicaid program. These cuts are tough, but they will not have the kind of dire effect on our citizens that the Republicans in Congress have proposed. Specifically, these cuts will force economic discipline on the program.

Democratic governors want to say as forcefully as possible: the Medicaid cuts proposed by Republicans in Congress will deny the elderly, people with disabilities, and children much needed health care. Democratic governors will not sacrifice their most vulnerable populations just to gain more flexibility in their own budgets.

Democratic governors make the following challenge to their Republican counterparts: Show us how you plan to implement cuts on the scale proposed by the Republicans in Congress. The numbers you are talking about are not abstract--they will have a real effect on real citizens. We have presented a credible plan for savings--where is yours?

Democratic governors believe that the cuts Republicans propose are bad for business. The data show that our states are experiencing declining employer-sponsored health insurance. If Medicaid ceases to offer coverage to the growing number of uninsured, businesses will be forced to absorb more cost shifting. Every dollar the Republicans propose to cut from Medicaid to pay for a tax-cut will end up as an increased dollar in private health insurance premiums.

To: John Monahan
From : Alan Weil
Subject: Microsoft Word - DGAOPTS.DOC
Pages (including cover): 2

Time: 08:29:44
Date: 05/15/95

Friends-

PLEASE REVIEW IMMEDIATELY

Here is a page of options. A B are what we discussed. I felt it was important to include C_D just so we know the direction people are thinking if they don't like A_B. Obviously, there are many ways to structure the details within these options. Please comment before this goes out to everyone.

Alan Weil
303-866-2868

Medicaid Options

A. Governors support holding program growth to the total of enrollment and medical inflation growth. With this rate of growth, all current recipients of Medicaid, and all of those who in the future would be eligible under current rules, retain access to needed health care services. Federal financial participation is guaranteed so long as a state's Medicaid costs grow no faster than the combination of enrollment and medical inflation. States are responsible for managing their programs within this limit. In order to manage within this limit, states receive maximum flexibility in administration, including use of managed care and Boren changes. **Estimated savings from baseline: \$30 - 35 billion.**

Advantages: This approach makes reasonable cuts in the program, as opposed to the massive cuts proposed by Congressional Republicans. States and those needing services are held harmless against the two major factors outside of their control: enrollment, which encompasses both demographic and economic changes, and medical inflation.

Disadvantages: This savings from baseline attributable to this approach are substantially lower than the current Republican target.

B. Governors support holding program growth to the total of enrollment and medical inflation growth, except that, for the elderly and disabled populations, growth is permitted only at the average of medical inflation and general inflation. The structure of this program is the same as in A. The justification for the lower inflation rate for the elderly and disabled is that a large portion of the services Medicaid provides to these two groups are non-medical (e.g., nursing home residential services, non-skilled home care). **Estimated savings from baseline: \$50 - 60 billion.**

Advantages: Same as above. In addition, this aggressive savings target goes further towards the Republican number, making negotiations potentially more fruitful.

Disadvantages: Because this limit on growth is significant, states run some risk of not being able to meet this target. In that case, states must appropriate additional funds to cover these needed services.

C. Lower savings options. Governors could argue that supporting any cuts in the Medicaid program is a bad idea. This option has the advantage of keeping the focus on the extreme negative effects of the Republican Congressional proposal. It has the disadvantage of failing to present a viable alternative.

D. Higher savings options. Governors could propose even deeper cuts moving closer to the Republican Congressional number. There are many ways to structure these cuts--either through lower inflation rates than in A and B, or moving towards the block grant concept. The advantage of this approach is that it prepares us for negotiation to bridge a smaller gap. The disadvantages are the significant harm to people that would occur as a result of these cuts, and the likelihood that, if governors support cuts of this size, the cuts will be made.



GEORGETOWN UNIVERSITY MEDICAL CENTER

Institute for Health Care Research and Policy

FACSIMILE COVER SHEET

TO: ..CHRIS.....

FAX Number:

FROM:JEANNE.....

Pages:

Comments: ATTACHED ARE TABLES THAT YOU ARE NOT SUPPOSED TO TAKE, BUT HERE'S THE QUESTION - IS IT TOO RISKY TO USE THEM? ^{STATE-BY-STATE} ISSUES ARE:

- (1) 5 STATES WIN (DE, NV, OK, OR, TN)
- (2) THEY COULD BE CRITICIZED BECAUSE THEY DON'T INCLUDE UMBRELLA
- (3) THEY MAY FORCE YOU TO PUT OUT ADMIN OR CHARGE BREVIS TABLES

IF YOU THINK THERE'S A RISK, TELL BT THAT I TOLD YOU THAT I WAS DOING THEM (NOT THAT I SENT THEM TO YOU) AND INDEPENDENTLY, YOU HAVE CONCERNS.

Thanks Jim

Medicaid Spending Reductions under the Archer-Bliley Proposal, 1997-2002
Excludes "Umbrella" Payments
 (Dollars in millions, fiscal years)

	Federal Reduction		Federal & State Reduction	
	Dollars	Percent	Dollars	Percent
Total	-99,368 **	11%	-296,526 **	-19%
Alabama	-473	-3%	-1,380	-7%
Alaska	-109	-8%	-717	-20%
Arizona	-1,213	-8%	-1,870	-9%
Arkansas	-114	-1%	-226	-2%
California	-6,204	-7%	-37,192	-21%
Colorado	-617	-9%	-2,584	-19%
Connecticut	-1,866	-14%	-6,957	-27%
Delaware	40	2%	-417	-12%
District of Columbia	-884	-19%	-2,894	-31%
Florida	-3,770	-10%	-14,809	-23%
Georgia	-5,111	-20%	-8,274	-20%
Hawaii	-320	-12%	-1,353	-24%
Idaho	-71	-3%	-103	-3%
Illinois	-3,358	-10%	-15,492	-24%
Indiana	-3,063	-18%	-4,894	-16%
Iowa	-756	-10%	-1,178	-10%
Kansas	-623	-10%	-1,196	-11%
Kentucky	-1,874	-13%	-3,829	-17%
Louisiana	-14,247	-43%	-21,367	-46%
Maine	-1,225	-19%	-2,139	-21%
Maryland	-1,415	-11%	-6,150	-24%
Massachusetts	-2,871	-12%	-12,113	-24%
Michigan	-3,049	-10%	-8,605	-15%
Minnesota	-2,886	-17%	-7,620	-25%
Mississippi	-1,056	-9%	-1,773	-11%
Missouri	-341	-2%	-729	-3%
Montana	-332	-11%	-478	-11%
Nebraska	-658	-15%	-1,154	-15%
Nevada	269	12%	-407	-8%
New Hampshire	-166	-4%	-1,607	-18%
New Jersey	-3,632	-14%	-13,669	-27%
New Mexico	-326	-5%	-461	-6%
New York	-12,797	-11%	-54,471	-24%
North Carolina	-4,070	-16%	-8,303	-16%
North Dakota	-99	-5%	-143	-5%
Ohio	-2,618	-7%	-4,349	-7%
Oklahoma	343	4%	482	4%
Oregon	30	0%	36	0%
Pennsylvania	-3,300	-8%	-13,324	-18%
Rhode Island	-647	-13%	-1,890	-21%
South Carolina	-915	-6%	-2,071	-10%
South Dakota	-63	-3%	-94	-3%
Tennessee	1,668	9%	972	3%
Texas	-7,870	-12%	-13,422	-13%
Utah	-179	-4%	-244	-4%
Vermont	-102	-5%	-167	-5%
Virginia	-867	-9%	-4,405	-20%
Washington	-2,648	-16%	-9,105	-28%
West Virginia	-2,333	-20%	-3,568	-22%
Wisconsin	-262	-2%	-555	-2%
Wyoming	-104	-9%	-183	-9%

NOTE: Federal savings would be \$72 billion and total savings would be \$250 billion if the Umbrella Payments were included.
 GAO did not allocate the Umbrella Payments across States.
 Baseline spending from the Urban Institute State Medicaid Expenditure Baseline, controlled to the March 1996 CBO baseline totals.
 Federal spending from the GAO table released March 22, 1996, plus allocation of the Undocumented Aliens pool. Does not include Indian Pool.
 Total spending under the proposal is the Federal spending divided by the matching rates estimated by GAO on 12/1/96 for the Cont. Agreement.
 Assumed that States will spend the minimum to draw down their full Federal allotment.

Archer-Bliley Federal Medicaid Growth Rates

Special Growth Rate Ceiling: 7.2% in 1998 and on (150% of national rate)	
California Florida Idaho Mississippi	Nevada New Mexico Oklahoma Texas Virginia *
General Growth Rate Ceiling: 6.4% in 1998 and on (133% of national rate)	
Alabama Alaska Arizona Arkansas Colorado* Delaware	Georgia * Kentucky Louisiana* Montana * South Carolina Utah Wyoming
Special Growth Rate Floor: 4.3% in 1998 and on (90% of national rate)	
Illinois * Indiana Iowa Kansas Maryland Michigan Missouri * Nebraska North Carolina	North Dakota Ohio Oregon Pennsylvania South Dakota * Tennessee West Virginia Wisconsin
General Growth Rate Floor: 2.0% by 2001	
Connecticut District of Columbia Hawaii Maine Massachusetts Minnesota	New Hampshire New Jersey New York Rhode Island Washington
Small-State Minimum (0.24% of total Federal allotment)	
Vermont *	

Source: Data from the US General Accounting Office, 5/22/96

* States that either move into a different floor or ceiling group or whose Federal allotment is determined by the needs-based amount or scalar for some years during the 1997 - 2002 period.

227
507
330

103

224

Eng



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 10, 1996

NOTE FOR JOHN HILLEY

FROM: Nancy-Ann Min *NAM*
RE: Substitute Medicaid Proposal

As you requested, we've run the numbers on a Medicaid policy that is identical to the President's proposal except that it produces savings of \$72 billion, as in the Republican proposal. The attached table gives you the year-by-year "growth index" (i.e., the amount by which you'd allow the per capita cap to grow) to produce the additional savings needed to get us from our policy (\$54 billion) to \$72 billion off the latest CBO baseline. Note that we assumed that the DSH policy remains the same as in the President's plan, so all the additional savings come out of the growth index.

In order to produce the desired level of savings, we had to apply a growth index that starts out at GDP plus .25% in 1997, drops to GDP plus .0% in 1998, and remains flat at GDP through 2002. (GDP is around 4.3%, or CPI plus 1%). That compares with a growth index in the President's plan that starts at GDP plus 2.5% in 1997, drops to GDP plus 1% in 1998 and 1999, then to GDP plus .5% in 2000 and 2001, and finally in 2002, to GDP plus .0%. (Both policies assume we start out at about GDP plus 2.5% in 1996).

I've also attached a table comparing the aggregate and per capita growth rates from the Senate budget resolution, the President's proposal, and this substitute.

Let me know if you have any questions.

cc: Chris Jennings

Table 2

	\$72 Billion Proposal	President's April 1996 Balanced Budget Bill	Senate Mark of FY 1997 Budget Resolution
Proposed Savings	-\$71.7 billion	-\$53.7 billion	-\$72 billion
Proposed Aggregate Growth Rate	6.6%	7.2%	6.5%
Proposed Per Capita Growth Rate	3.8%	4.4%	3.7%

The table below, Table 3, shows the adjustors necessary to achieve \$72 billion in savings using CBO's March 1996 baseline. These adjustors are added to the 5-year average of historical GDP per capita growth to calculate the Allowable Medicaid Growth Multiplier for each year.

Table 3

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002 and after
Adjustor to GDP-Based Index	+2.5%	+0.25%	+0.00%	+0.00%	+0.00%	+0.00%	+0.00%

Please note that we cannot assure that CBO will score the proposal as achieving \$72 billion in savings because (1) CBO may use a revised baseline when scoring future Medicaid savings and (2) CBO staff has indicated that they may correct any mistakes they have made in previous versions of their per capita estimates.



GEORGETOWN UNIVERSITY MEDICAL CENTER

Institute for Health Care Research and Policy

FACSIMILE COVER SHEET

TO: CHRIS

FAX Number:

FROM: JOANNE

Pages:

Comments:

(1) MORE CHEAT SHEETS. I AM NOT SURE IF I GOT BUDGET CHANGES RIGHT, BUT IT'S CLOSE

(2) NICE QUOTE

(3) I'M GOING TO BALTIMORE FOR A CONFERENCE TOMORROW. I DIDN'T GET A RETURNED PHONE CALL FROM BONNIE/OMB. I HOPE IT'S UNDER CONTROL. YOU ALSO SHOULD ASK THEM IF THEY ARE COMFORTABLE W/ CBO'S ESTIMATE OF THE PRES'S BUDGET. MY FRIEND AT CBO HAS NOT GOTTEN BACK TO ME.

MediGrant II

1. **Base:** Set in legislation (sort of states' choice of 1993, 1994, 1995, but not exactly)

2. **"Needs-Based Amount"**

Product of:

- a. Number of poor people in a state and
- b. State-adjusted national MediGrant spending per poor person

Adjusted for:

State's casemix index (ranges from 0.9 to 1.15)
Medicare hospital wage index times 0.85 plus 0.15

3. **Floors and Ceilings**

The Needs-Based Amount is compared to the Base to yield a growth rate.

That growth rate cannot be :

Greater than ceilings

125% of the national rate for most states

150% of the national rate for 10 states with the lowest federal funding per poor person (e.g., FL, CA)

Less than the floors

3% for most states

90% of the national rate for states with certain rates

Almost all states are at their floors and ceilings for the 1996 to 2002 period. No state gets a needs-based amount for full period.

4. **Scalar:** To ensure that the Federal budget target is hit, all states are multiplied by a scalar or ratio. This occurs within the floor and ceiling growth rates.

President's Proposal

Per Capita Cap

1. **Base:** 1995 total spending per beneficiary by group is calculated.
Excludes: DSH, Medicare cost sharing, and certain admin. costs
2. **Index:** Base total spending per beneficiary is multiplied by the index — growth rate constraint on per-beneficiary spending (set in legislation).
Savings from this proposal come from replacing the baseline spending growth per beneficiary with the index.
3. **Enrollment:** Indexed total spending per beneficiary by group is multiplied by enrollment by group and then summed to yield one total limit.
4. **Federal Limit:** Total limit is multiplied by the FMAP to yield the Federal limit.

Disproportionate Share Hospital (DSH) Changes

1. **New Program:** Federal DSH spending is set in legislation.

State allotment is the national pool times the state's share of low-income utilization days (Medicaid and uninsured hospital days and outpt. visits)

States can determine which hospitals gets how much, but give priority to:
Hospitals with > 25% low-income utilization rate; and
Kids' hospitals with > 20% Medicaid inpatient utilization rate

Transition: The new state allotments are phased in to minimize disruption.

<u>Total Allotment =</u>	<u>Phased-Out</u>	<u>+ Phase-In</u>
1997 Allotment =	(1995 Fed payments times 75%)	+ (2000 Fed allotment times 25%)
1998 Allotment =	(1995 Fed payments times 50%)	+ (2000 Fed allotment times 50%)
1999 Allotment =	(1995 Fed payments times 25%)	+ (2000 Fed allotment times 75%)
2000 Allotment =	(1995 Fed payments times 0%)	+ (2000 Fed allotment times 100%)

2. **Pools:** **Undocumented Persons Pool:** For 15 states with high number of undocumented persons (\$3.5 billion over the period)

Federally-Qualified Health Centers & Rural Health Clinics Pool: For supplemental payments for these facilities (\$3.0 billion over the period)

Transition Pool: For states to assist in transition to reformed program (\$11.2 billion over the period)

Breaux-Chafee Proposal

Medical Expenditure Limit

1. **Base:** States' choice of 1993, 1994, or 1995 total spending
Excludes: DSH, Medicare cost sharing, and certain admin. costs

2. **Growth-Adjusted Amount:**
The base (for 1997) or the previous year's growth-adjusted amount (for subsequent years) is multiplied by:

Inflation Adjuster: Growth rate constraint (set in legislation) and

Weighted Average Enrollment Growth Rate: Estimated prior to the start of the fiscal year and updated as enrollment data become available. Adjusted for case mix.

3. **Umbrella:** Process by which estimated enrollment is reconciled with actual enrollment. The adjustment can be both upward and downward.

4. **Hold Harmless:**
The growth-adjusted amount (adjusted by the umbrella) is compared to the base. The total limit is whichever amount is higher

5. **Federal Limit:** Total limit is multiplied by the FMAP to yield the Federal limit.

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1998 Allotment =	(1995 Fed payments times 50%)	+ (2000 Fed allotment times 50%)
1999 Allotment =	(1995 Fed payments times 25%)	+ (2000 Fed allotment times 75%)

Hold Harmless: No state's allotment can be less than 25% of its 1995 allotment.

Savings: \$59 b
 Phased in Coalition DSH;
 Undocumented pool; FQHC pool
 BASELINE SCENARIO

Federal Medicaid Savings Under the Alternative Proposal
 1996 - 2002 (Dollars in millions)

States	Per Capita Cap		DSH		Pools	Total Savings		Percent from:	
	Savings	% Change	Savings	% Change		Savings	% Change	Per Capita Cap	DSH
Total	(39,790)	-5%	(25,826)	-30%	6,500	(59,116)	-6%	61%	39%
Alabama	(715)	-7%	(788)	-38%	72	(1,431)	-10%	48%	52%
Alaska	(51)	-3%	(37)	-44%	2	(85)	-5%	58%	42%
Arizona	(778)	-6%	(240)	-33%	131	(887)	-6%	76%	24%
Arkansas	(286)	-3%	199	923%	7	(80)	-1%	100%	0%
California	(4,799)	-7%	(2,534)	-27%	2,052	(5,280)	-6%	65%	35%
Colorado	(38)	-1%	(315)	-26%	98	(255)	-3%	11%	89%
Connecticut	(469)	-4%	(926)	-58%	63	(1,333)	-10%	34%	66%
Delaware	(65)	-4%	20	60%	2	(43)	-2%	100%	0%
District of Columbi	(295)	-7%	174	80%	2	(119)	-2%	100%	0%
Florida	(2,370)	-7%	333	20%	472	(1,566)	-4%	100%	0%
Georgia	(1,311)	-6%	245	10%	76	(990)	-4%	100%	0%
Hawaii	(150)	-6%	50	38%	16	(84)	-3%	100%	0%
Idaho	(44)	-2%	41	294%	8	5	0%	100%	0%
Illinois	(2,096)	-7%	(87)	-5%	289	(1,894)	-6%	96%	4%
Indiana	(19)	0%	(942)	-55%	18	(943)	-5%	2%	98%
Iowa	(413)	-6%	168	492%	13	(233)	-3%	100%	0%
Kansas	(389)	-7%	(322)	-43%	8	(704)	-10%	55%	45%
Kentucky	(367)	-3%	(654)	-47%	48	(973)	-6%	36%	64%
Louisiana	(1,737)	-7%	(4,840)	-74%	23	(6,554)	-19%	26%	74%
Maine	(475)	-9%	(394)	-52%	14	(855)	-13%	55%	45%
Maryland	(453)	-4%	475	71%	261	283	2%	100%	0%
Massachusetts	(1,025)	-5%	(1,371)	-51%	137	(2,259)	-9%	43%	57%
Michigan	(2,067)	-7%	(1,187)	-38%	77	(3,177)	-10%	64%	36%
Minnesota	(1,184)	-7%	940	442%	22	(222)	-1%	100%	0%
Mississippi	(778)	-8%	(212)	-17%	64	(926)	-7%	79%	21%
Missouri	(224)	-2%	(1,239)	-40%	63	(1,401)	-9%	15%	85%
Montana	(135)	-5%	335	20465%	2	202	6%	100%	0%
Nebraska	(310)	-7%	(2)	-4%	3	(308)	-7%	99%	1%
Nevada	(25)	-1%	(152)	-56%	2	(175)	-7%	14%	86%
New Hampshire	-	0%	(1,065)	-80%	6	(1,059)	-23%	0%	100%
New Jersey	(967)	-5%	(759)	-19%	207	(1,519)	-6%	56%	44%
New Mexico	(350)	-6%	185	354%	45	(120)	-2%	100%	0%
New York	(4,320)	-4%	(2,373)	-18%	944	(5,750)	-5%	65%	35%
North Carolina	(294)	-1%	(863)	-35%	37	(1,120)	-4%	25%	75%
North Dakota	(70)	-3%	70	873%	1	0	0%	100%	0%
Ohio	(1,897)	-6%	(1,774)	-49%	83	(3,587)	-10%	52%	48%
Oklahoma	(165)	-2%	283	194%	7	125	2%	100%	0%
Oregon	(458)	-5%	(10)	-6%	70	(398)	-4%	98%	2%
Pennsylvania	(936)	-3%	(1,173)	-30%	104	(2,004)	-5%	44%	56%
Rhode Island	(279)	-7%	(386)	-69%	26	(639)	-13%	42%	58%
South Carolina	(720)	-6%	(1,252)	-54%	44	(1,927)	-13%	37%	63%
South Dakota	(138)	-6%	211	3174%	2	75	3%	100%	0%
Tennessee	-	0%	346	0%	48	393	2%	0%	0%
Texas	(3,658)	-7%	(3,285)	-44%	483	(6,459)	-10%	53%	47%
Utah	(160)	-4%	89	278%	11	(60)	-1%	100%	0%
Vermont	(51)	-3%	(75)	-47%	3	(124)	-6%	40%	60%
Virginia	(313)	-3%	(139)	-21%	50	(401)	-4%	69%	31%
Washington	(616)	-4%	(844)	-49%	136	(1,324)	-8%	42%	58%
West Virginia	(585)	-5%	(273)	-39%	48	(811)	-7%	68%	32%
Wisconsin	(745)	-5%	443	675%	100	(202)	-1%	100%	0%
Wyoming	(1)	0%	83	0%	-	82	7%	0%	0%



CHRIS

- (1) ATTACHED DSH - IF YOU'RE REALLY INTERESTED IN AN ANALYSIS OF WHO LOSES WITH THE DSH POLICY, I CAN DO A BREAK OUT OF THE PHASE-OUT / PHASE-IN
- (2) LA - HAVE YOU / SOMEONE WHO KNOWS SOMETHING ABOUT ENTITLEMENTS LOOKED IT OVER? I GOT A CALL FROM A CONCERNED PERSON WHO THINKS IT MIGHT IMPLICITLY LIMIT THE INDIVIDUAL ENTITLEMENT
- (3) ASK ME ABOUT:
COALITION
TIMING OF MEXICO-CANADA
OMB / CBO RELATIONSHIP
MEDICARE LINE-PY-LINES.

THERE'S DEFINITELY 3 VERSIONS OF MCD LANGUAGE RUNNING AROUND, SO WE'LL HAVE A LITTLE WORK TO DO.

JM

P.S. HOPE YOU HAD FUN AT THE "SIGNING".



bouquets
simple, seasonal

If the flower is imported, out-son and overpriced, it's "too tious" and not high on the list of Walter Hubert, ow Silver Birches in Pasadena, California (310-274-9040). I favor of local, seasonal arrangements, like garden and rose hips, for clients such as **Holly Robinson**, **Ray Leonard** and **Don Henley**. Giant centerpieces also on Hubert's out-list, replaced by homey arrangements that vary in size and container from table to For Robinson's bouquet (left), Hubert assembles stephanotis, roses (bridal-white and champagne) and New York's **Robert Isabel** (212-645-7767) controls every visual for society weddings with flower budgets in the stratosphere. **Caroline Kennedy**, **Maria Shriver** (who carried Fuchsias and roses), **Stephanie Seymour** and both **Chantal** and **Alexandra Miller** tied the knot with Isabel's imprimatur. One of his critical accessories: candlelight. It makes everyone look younger and more beautiful.

WHAT'S IN
Single men joining single women for the bouquet toss
Grooms wearing vintage dinner jackets
Projecting a video of the couple, ending with just-shot footage of the ceremony
Candid black-and-white photography
Post-reception: sending centerpieces to hospitals and extra food to shelters

WHAT'S OUT
Cakes decorated with real flowers (because they may be sprayed with insecticide)
Long delays for picture-taking between the ceremony and the reception
Garter throws

WORST NEW TREND
The after-dinner cigar course

dresses
ball-gown skirts

When supermodel **Vendela** walks down the aisle of a Swedish church this summer, she'll be wearing a gown by Vera Wang. The one-of-a-kind creation will carry a price tag upward of \$14,000. Wang has become the arbiter of bridal style for the fashion-forward. There's her Madison Avenue (212-628-3400), where off-the-rack prices start at \$2,500, and now she has boutiques in department stores. Wang's newest designs: stretch bodices erupting in floating skirts from 100 yards of white or pale tulle. Her full-skirted brides include **Chynna Phillips**, **Hunter**, **Kiefer Sutherland's** bride-to-be, **Kelly Winn**, and **Mariah Carey**, who wore a simple gown. (The heavy-duty diamond tiara is too showy, says Wang, unless you're marrying into royalty.) Wang is also putting her stamp on the wedding party. Wang is outfitting the six little girls in **Vendela's** wedding and has just launched a bridesmaid collection, with dresses starting at \$1,500. **Carolina Herrera**, known for her traditional though unfussy gowns, has a lock on sophisticated brides, including **Caroline Kennedy** (short-sleeved with appliqué shamrocks and a 20-foot train), **Marla Maples** (satin sheath with 15-foot train), a pregnant **Kate Capshaw** (Empire with an eight-foot train), and **Joanna Kerns** (drop-waist full skirt with sweep). Herrera also has a ready-to-wear bridal collection, sold in department stores, which starts at \$2,500 (212-944-5500). Now the Italians are getting into the matrimonial act as well. There are Dolce & Gabbana wedding gowns. Giorgio Armani will outfit the entire wedding party on a special-order basis.

making the magic
VERA WANG LIKES TRAINS BUT SHE DOESN'T RECOMMEND THEM

Estimates of the President's Budget: Medicaid

The following is the policy that CBO scored as the President's Budget (see attached):

Per Capita Cap:

Index: Nominal GDP per capita plus:

1996:	+ 2.71%
1997:	+ 2.50%
1998:	+ 1.00%
1999:	+ 1.00%
2000:	+ 0.50% and each succeeding year.

This averages 5.0% over the period.

DSH:

1997:	\$9.3 billion
1998:	\$7.9 billion
1999:	\$6.4 billion
2000:	\$5.0 billion
2001:	\$4.5 billion
2002:	\$4.0 billion and each succeeding year.

Transition Pool:

1997:	\$3.1 billion
1998:	\$3.1 billion
1999:	\$2.5 billion
2000:	\$2.5 billion

Undocumented Pool:

1997:	\$700 million
1998:	\$700 million
1999:	\$700 million
2000:	\$700 million
2001:	\$700 million

FQHC / RHC Pool:

1997-2002:	\$500 million each year.
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CBO ESTIMATE
OF PRESIDENT'S FY97
MEDICAID BUDGET APPROX

Title XI, Subtitle C - MEDICAID	Feb 25											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	7-year Total
Five-year outlays, in billions of dollars												
Part 1 - Federal Payments												
Sec. 11301 Per Beneficiary Limitation	0.0	-0.8	-2.5	-4.0	-6.1	-9.0	-12.7	-17.1	-22.1	-28.1	-34.8	-35.1
Sec. 11302 Reform DSH payments	0.0	-1.9	-3.9	-6.0	-8.0	-9.2	-10.3	-11.1	-11.6	-12.8	-13.4	-39.3
Supplemental Payments and Transition Grants												
(a) Transition Grants	0.0	3.1	3.1	2.5	2.6	0.0	0.1	0.0	0.0	0.0	0.0	11.2
(b) Undocumented Immigrants	0.0	0.7	0.7	0.7	0.7	0.7	0.1	0.0	0.0	0.0	0.0	3.6
(c) Rural Clinics and FQHCs	0.0	0.5	0.5	0.5	0.5	0.5	0.1	0.5	0.6	0.5	0.5	3.0
Subtitle C - Managed Care												
Sec. 3324 6-month Guaranteed Eligibility	0.0	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.5	1.7
TOTAL, Subtitle C - Medicaid	0.0	1.716	-1.842	-6.031	-10.140	-16.592	-22.210	-27.299	-33.101	-39.766	-47.379	-55.083

MEDICAID: CBO March 1996 Baseline: Medicaid Federal & State Expenditures (Dollars in billions, fiscal years)

	1993	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
TOTAL SPENDING									
BASELINE (CBO FACTSHEET: 3/29/95)									
Total Spending	156.3	168.0	184.0	202.7	221.9	242.6	266.0	292.2	1,577.3
Aggregate Growth		7.5%	9.5%	10.2%	9.5%	9.3%	9.7%	9.9%	9.4%
Per Capita Growth		5.3%	5.7%	7.5%	6.8%	6.6%	7.0%	7.3%	6.6%
REPUBLICANS' MEDIGRANT II (Unofficial estimates from majority staff 2/96) (1)									
Total Spending	156.3	154.0	166.1	177.8	189.7	202.1	215.2	227.1	1,331.8
Aggregate Growth		-1.5%	7.9%	7.0%	6.7%	6.5%	6.5%	5.5%	5.5%
Per Capita Growth		-3.5%	4.1%	4.4%	4.1%	3.8%	3.9%	3.1%	2.6%
Savings		-14.0	-17.8	-24.9	-32.2	-40.5	-50.9	-65.2	-245.4
REPUBLICANS' MEDIGRANT II (2)									
Total Spending	158.3	149.4	161.2	172.5	184.1	196.0	208.8	220.3	1,292.2
Aggregate Growth		-4.4%	7.9%	7.0%	6.7%	6.5%	6.5%	5.5%	5.0%
Per Capita Growth		-6.4%	4.1%	4.4%	4.1%	3.8%	3.9%	3.1%	2.4%
Savings		-18.6	-22.8	-30.2	-37.8	-46.6	-57.3	-72.0	-285.1
FEDERAL SPENDING									
BASELINE (CBO FACTSHEET: 3/29/95)									
Total Spending	89.1	95.7	104.9	115.5	126.5	138.3	151.6	166.6	899.1
Aggregate Growth		7.5%	9.5%	10.2%	9.5%	9.3%	9.7%	9.9%	9.4%
Per Capita Growth		5.3%	5.7%	7.5%	6.8%	6.6%	7.0%	7.3%	6.6%
REPUBLICANS' MEDIGRANT II (Unofficial estimates from majority staff 2/96) (1)									
Total Spending	89.1	97.0	104.7	112.0	119.5	127.3	135.6	143.0	838.1
Aggregate Growth		8.9%	7.9%	7.0%	6.7%	6.5%	6.5%	5.5%	7.0%
Per Capita Growth		6.7%	4.1%	4.4%	4.1%	3.8%	3.9%	3.1%	4.3%
Savings		1.3	-0.2	-3.5	-7.0	-11.0	-16.1	-23.5	-60.0
REPUBLICANS' MEDIGRANT II (2)									
Total Spending	89.1	94.1	101.6	108.7	116.0	123.5	131.5	138.8	814.1
Aggregate Growth		5.7%	7.9%	7.0%	6.7%	6.5%	6.5%	5.5%	6.5%
Per Capita Growth		3.5%	4.1%	4.4%	4.1%	3.8%	3.9%	3.1%	3.6%
Savings		-1.6	-3.3	-6.9	-10.5	-14.8	-20.1	-27.8	-85.0
PRESIDENT'S (CBO SCORING 4/16/96)									
Total Spending	89.1	95.7	106.9	113.5	120.5	128.3	135.6	144.6	845.1
Aggregate Growth		7.5%	11.6%	6.2%	6.1%	6.5%	5.7%	6.6%	7.2%
Per Capita Growth		5.3%	7.7%	3.6%	3.5%	3.8%	3.2%	4.1%	4.4%
Savings	0	0.0	2.0	-2.0	-6.0	-10.0	-16.0	-22.0	-54.0

Federal

The average annual growth rates are calculated for 1995 through 2002 (not 1996 through 2002) and use the growth in total beneficiaries from the CBO base.

(1) The Federal spending comes from preliminary majority staff estimates.

(2) The annual Federal spending for Medigra II (from the preliminary staff estimates) was prorated down to achieve \$85 billion in 7-year Federal savings.

It is assumed that the new average FMAP is 63% (consistent with November GAO analysis of conference agreement).

It is assumed that states spend the minimum necessary to draw down the Federal spending limit.

**Financing of the Commerce Committee's "Restructuring the Medicaid Program":
Differences from the National Governors' Association (NGA) Medicaid Reform Proposal**

- **Ignores NGA's recommendation for growth of the base**

The NGA proposes four components to its financing formula: a base, growth, umbrella and special grants. The key factor in determining how much each State gets in the future is growth. In the same way that the Commerce Committee pamphlet describes the major problem with Medicaid as its growth, the major solution is structuring fair, sustainable growth rates.

The NGA bipartisan group recommended that growth include estimated caseload growth and inflation. Yet, the Commerce Committee proposes "differential rates ... that ... substantially reduce existing disparities in State funding". This implies that States with high spending will get low rates and vice versa — irrespective of caseload growth or inflation.

- **If inflation is not included in the growth formula, States face an unfunded mandate in times of economic crisis**

The NGA strongly endorsed the inclusion of inflation in the growth, and in a later draft of its proposal, even developed an umbrella to protect against unexpected inflation. This is because inflation has a strong effect on Medicaid spending. If the Commerce Committee does not include inflation in States' growth, then the Federal commitment to share in the costs of higher inflation is ended. States could face increased demand in an inflationary period with a weaker dollar and no Federal relief.

- **If caseload growth is not included, coverage loss is possible**

The NGA also recognizes that over one-third of Medicaid spending growth results from caseload growth. The NGA included caseload growth in its growth factor as well as an umbrella that adjusts for underestimates of enrollment growth. The Commerce Committee proposal ignores the recommendation to include caseload growth in its growth factor but does include an umbrella. Its umbrella gives funding to States whose "growth in the guaranteed population groups ... exceeds the States' financing capacity". Since the financing capacity is determined by "differential rates", most of the umbrella funds will not necessarily go to States with high need but to States with low differential growth rates.

If the Commerce Committee proposal both ignores caseload growth in its growth factor and reduces the State contribution, it may reduce States' ability to cover their Medicaid population. States' grants will increase in each year by a rate that is unrelated to its caseload growth, so it is likely that some States' Federal funding will not keep pace with coverage. Additionally, the NGA proposal recommended lowering the minimum State contribution from 50 percent to 40 percent of total spending. This would mean that an \$85 billion Federal reduction translates into over \$250 billion State and Federal reduction over seven years — two and a half times larger than the total reduction in the President's proposal. This combination is likely to weaken States' ability to continue coverage for the millions of seniors, people with disabilities, and children who rely on Medicaid.

DSH Request:

Two tables: The first is budget neutral, the second takes the 1994 Federal DSH and cuts it in half (so it is about \$5 billion).

Each table would have 5 columns:

1. 1994 Federal DSH by State
2. National 1994 Federal DSH spending allocated to States using the new formula (50% of 1994 DSH for the second table)
3. Difference (\$ and %)
4. National 1994 Federal DSH spending (50% of 1994 DSH for the second table) allocated 50% old allocation, 50% new allocation
5. Difference (\$ and %)

HEALTH CARE FINANCING ADMINISTRATION
OFFICE OF LEGISLATIVE AND INTER-GOVERNMENTAL AFFAIRS

M E M O R A N D U M

TO: Chris Jennings, Nancy-Ann Min, Mark Miller

FROM:

IA Quittner for
Debbie Chang

DATE: May 3, 1996

RE: Medicaid Spending

=====

I have attached a chart on the Medicaid baseline spending and the President's and the Republicans' budget proposals per Chris Jennings' request.

Please call me if you have any questions or concerns.

cc:

Jack Ebeler
John Callahan
John Monahan
Jerry Klepner

MEDICAID

Spending Trends and Reform Proposals

CBO Baseline:

- CBO revised their Medicaid projections in March 1996. The new CBO baseline projects the Federal government to spend \$899 billion on Medicaid between 1996 and 2002 (down \$25 billion from earlier projections).
- CBO projects Federal Medicaid spending to grow at about 9.7 percent annually over the next seven years.
- Medicaid spending on a per person basis is expected to increase 6.7 percent annually over the same period.

The President's Plan:

- The President's Plan uses a per capita cap and reductions in DSH spending to achieve \$54 billion in Federal savings over seven years (as scored by CBO 4/17/96).
- The per capita cap and DSH savings combined would limit increases in Medicaid spending on a per person basis to 4.3 percent annually under the President's Plan.

The Republicans' Version of NGA Agreement:

- The Congressional Republicans reached an agreement in January 1996 (MediGrant II) on a set of block grant amounts which saved \$85 billion over seven years from the old CBO baseline.
- Since the new CBO baseline is \$25 billion lower than their earlier projections, the Republicans' block grant amounts would now cut spending only \$60 billion over the seven year period using the March 1996 Baseline. [This savings target is reflected in Figure C of Representative Bliley's document on Medicaid Restructuring.]
- The Republicans' version of the NGA Agreement also increases the minimum Medicaid Federal Medical Assistance Percentage (FMAP) from 50 percent to 60 percent. Therefore, the combined Federal and State cut in the Medicaid program would increase if States only spent enough to receive the available Federal matching funds.
- The block grant amounts coupled with the change in matching rates would limit growth in Medicaid per capita spending to 2.2 percent annually over seven years.

Methodology Notes:

- The attached table uses CBO's March 1996 baseline estimates of Medicaid recipients to calculate per capita spending amounts.
- Total spending for the CBO baseline and the President's Plan are calculated by assuming that Federal spending equals 57 percent of total spending. Federal spending is assumed to be 63 percent of total spending under the Republicans' budget due to the FMAP change.
- The per capita cap "index" included in the President's plan is higher than the level of growth in per capita spending indicated on the table because DSH savings are included on the table.

MEDICAID
Spending Trends for Reform Proposals
(Dollars in Billions)

MEDICAID PROPOSALS	1996	1997	1998	1999	2000	2001	2002	TOTAL
								1996-2002
CBO March Baseline								
Federal Share	\$96	\$105	\$116	\$127	\$138	\$152	\$167	\$899
Total Spending	\$168	\$184	\$203	\$222	\$243	\$266	\$292	\$1,577
Per Capita Spending	\$4,575	\$4,830	\$5,182	\$5,534	\$5,889	\$6,317	\$6,766	
President's Plan*								
Federal Share	\$96	\$107	\$114	\$121	\$128	\$135	\$145	\$845
Total Spending	\$168	\$187	\$199	\$212	\$225	\$238	\$254	\$1,483
Per Capita Spending	\$4,575	\$4,910	\$5,097	\$5,281	\$5,471	\$5,643	\$5,885	
Republican's Version of NGA Agreement**								
Federal Share	\$105	\$104	\$111	\$118	\$126	\$134	\$141	\$839
Total Spending	\$167	\$166	\$177	\$188	\$200	\$212	\$223	\$1,332
Per Capita Spending	\$4,542	\$4,344	\$4,514	\$4,687	\$4,846	\$5,039	\$5,168	

ADDITIONAL INFORMATION

	1996	1997	1998	1999	2000	2001	2002	TOTAL
								1996-2002
<u>Annual Increases (%)</u>								
CBO Baseline	7.4%	9.6%	10.1%	9.5%	9.3%	9.6%	9.9%	9.7%
President's Plan	7.4%	11.4%	6.5%	6.3%	6.4%	5.4%	7.0%	7.2%
Republicans' Version - NGA	17.9%	-0.7%	6.6%	6.5%	6.2%	6.3%	5.2%	5.0%
<u>Per Capita Increases (%)</u>								
CBO Baseline	5.4%	5.6%	7.3%	6.8%	6.4%	7.3%	7.1%	6.7%
President's Plan	5.4%	7.3%	3.8%	3.6%	3.6%	3.1%	4.3%	4.3%
Republicans' Version - NGA	4.6%	-4.4%	3.9%	3.8%	3.4%	4.0%	2.5%	2.2%
<u>Federal Savings</u>								
President's Plan	\$0	\$2	(\$2)	(\$6)	(\$10)	(\$16)	(\$22)	(\$54)
Republicans' Version - NGA	\$9	(\$1)	(\$4)	(\$8)	(\$13)	(\$18)	(\$26)	(\$60)

*President's Plan as scored by CBO on 4/17/96

**These numbers are based on MediGrant II which saved \$85 billion on the December CBO baseline and were updated using the March CBO Baseline. The Republicans' Version numbers also reflect "Figure C" included in Representative Bliley's document on Medicaid Restructuring.

NEW INDEX
NEW POOLS

POLICY AS DRAFTED

Medicaid PerCapita Cap Savings: Using CBO Method and Offset

Dollar Amounts in Billions/Persons in Millions except where indicated

Basis: FY97 CBO

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY1996 -2002
CAP Savings									
(1) Current Law Spending Subject to Cap (FedShr)	72.4	78.4	86.1	95.4	105.0	115.4	127.3	140.6	748.2
(2) Current Law Pop Subject to Cap	26.7	26.9	27.9	28.6	29.4	30.1	30.9	31.6	
(3) 5-Yr Avg GDP PerCapita Growth (CBO)		3.30%	3.80%	3.80%	4.00%	4.00%	4.00%	4.10%	
(4) Additional Growth Allowance		→ 2.50%	1.00%	1.00%	0.50%	0.50%	0.00%	0.00%	
(5) Index Value		5.80%	4.80%	4.80%	4.50%	4.50%	4.00%	4.10%	4.6%
(6) FFP Limit		n/a	83.4	89.9	96.7	104.0	111.1	118.8	603.8
(7) Gross Federal Cost (Savings)			-2.7	-5.5	-8.3	-11.4	-16.2	-21.8	-65.9
(8) "leakage" factor			33%	33%	33%	33%	33%	33%	
(9) Net Cap Cost(Savings)			-1.8	-3.7	-5.5	-7.6	-10.8	-14.6	-44.0
DSH Savings									
(10) Current Law DSH Spending (FedShr)	10.7	10.7	11.2	11.8	12.4	13.0	13.7	14.3	87.1
(11) New DSH Limit			9.30	7.90	6.40	5.00	4.50	4.00	
(12) DSH Cost(Savings)			-1.9	-3.9	-6.0	-8.0	-9.2	-10.3	-39.3
Pool Payments									
(13) Undocumented Immigrants			0.700	0.700	0.700	0.700	0.700	n/a	3.5
(14) FQHC			0.500	0.500	0.500	0.500	0.500	0.500	3.0
(15) HoldHarmless			3.100	3.100	2.500	2.500	n/a	n/a	11.2
Total Federal Cost(Savings)									
(16)		0.0	0.5	-3.3	-7.8	-11.9	-18.7	-24.4	-65.6
Total Federal Spending									
Aggregate spending growth		7.5%	10.1%	6.5%	5.7%	6.5%	5.2%	7.0%	6.9%
Per-beneficiary spending growth		5.2%	6.2%	3.8%	3.0%	3.8%	2.6%	4.4%	4.1%

NOTE: There are some additional offsets of ~ \$2 billion

OLD INDEX

NEW POOLS - WHAT CBO DID

Medicaid PerCapita Cap Savings: Using CBO Method and Offset

Dollar Amounts in Billions/Persons in Millions except where indicated

Basis: FY97 CBO

	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY1996 -2002
CAP Savings									
(1) Current Law Spending Subject to Cap (FedShr)	72.4	78.4	86.1	95.4	105.0	115.4	127.3	140.6	748.2
(2) Current Law Pop Subject to Cap	26.7	26.9	27.9	28.6	29.4	30.1	30.9	31.6	
(3) 5-Yr Avg GDP PerCapita Growth (CBO)		3.30%	3.80%	3.80%	4.00%	4.00%	4.00%	4.10%	
(4) Additional Growth Allowance		2.71%	2.50%	1.00%	1.00%	0.50%	0.50%	0.00%	
(5) Index Value		6.01%	6.30%	4.80%	5.00%	4.50%	4.50%	4.10%	5.0%
(6) FFP Limit		n/a	84.7	91.4	98.7	106.2	114.0	121.9	616.9
(7) Gross Federal Cost (Savings)			-1.4	-4.0	-6.2	-9.2	-13.3	-18.7	-52.8
(8) "leakage" factor			33%	33%	33%	33%	33%	33%	
(9) Net Cap Cost(Savings)			-0.9	-2.7	-4.2	-6.2	-8.8	-12.5	-35.2
			-0.8	-2.5	-4.0	-6.1	-9.0	-12.7	-35.1
DSH Savings									
(10) Current Law DSH Spending (FedShr)	10.7	10.7	11.2	11.8	12.4	13.0	13.7	14.3	87.1
(11) New DSH Limit			9.30	7.90	6.40	5.00	4.50	4.00	
(12) DSH Cost(Savings)			-1.9	-3.9	-6.0	-8.0	-9.2	-10.3	-39.3
Pool Payments									
(13) Undocumented Immigrants			0.700	0.700	0.700	0.700	0.700	n/a	3.5
(14) FQHC			0.500	0.500	0.500	0.500	0.500	0.500	3.0
(15) HoldHarmless			3.100	3.100	2.500	2.500	n/a	n/a	11.2
Total Federal Cost(Savings)									
(16)		0.0	1.5	-2.3	-6.4	-10.5	-16.8	-22.3	-56.8
Total Federal Spending	89.1	95.7	106.3	113.2	120.0	127.8	134.8	144.3	842.2
Aggregate spending growth		7.5%	11.0%	6.5%	6.0%	6.5%	5.5%	7.0%	7.1%
Per-beneficiary spending growth		5.2%	7.1%	3.8%	3.3%	3.8%	2.9%	4.4%	4.3%

OLD

CBO's:

OLD AVG

5.0%

NEW

CBS REESTIMATE
OF PRESIDENT'S FY97
MEDICARE BUDGET APPROPRIATE

											Feb. 26	
Title XI, Subtitle C - MEDICAID												
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	7-year Total
Fiscal year outlays, in billions of dollars												
Part 1 - Federal Payments												
Sec. 1301 Per Beneficiary Limitation	0.0	-0.8	-2.5	-4.6	-8.1	-9.0	-12.7	-17.1	-22.2	-28.1	-34.8	-35.1
Sec. 1302 Reform DSH payments	0.0	-1.9	-3.9	-6.0	-8.0	-9.2	-10.3	-11.1	-11.6	-12.6	-13.4	-39.3
Supplemental Payments and Transition Grants												
(a) Transition Grants	0.0	3.1	3.1	2.4	2.6	0.0	0.0	0.0	0.0	0.0	0.0	11.2
(b) Undocumented Immigrants	0.0	0.7	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0	3.5
(c) Rural Clinics and FQHCs	0.0	0.5	0.5	0.0	0.5	0.5	0.0	0.5	0.4	0.5	0.5	3.0
Subtitle C - Managed Care												
Sec. 324 6-month Guaranteed Eligibility	0.0	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.5	1.7
TOTAL, Subtitle C - Medicaid	0.0	1.716	-1.842	-6.036	-10.140	-16.592	-22.710	-27.299	-33.101	-39.766	-47.279	-55.063

Re-Estimate of President's Budget

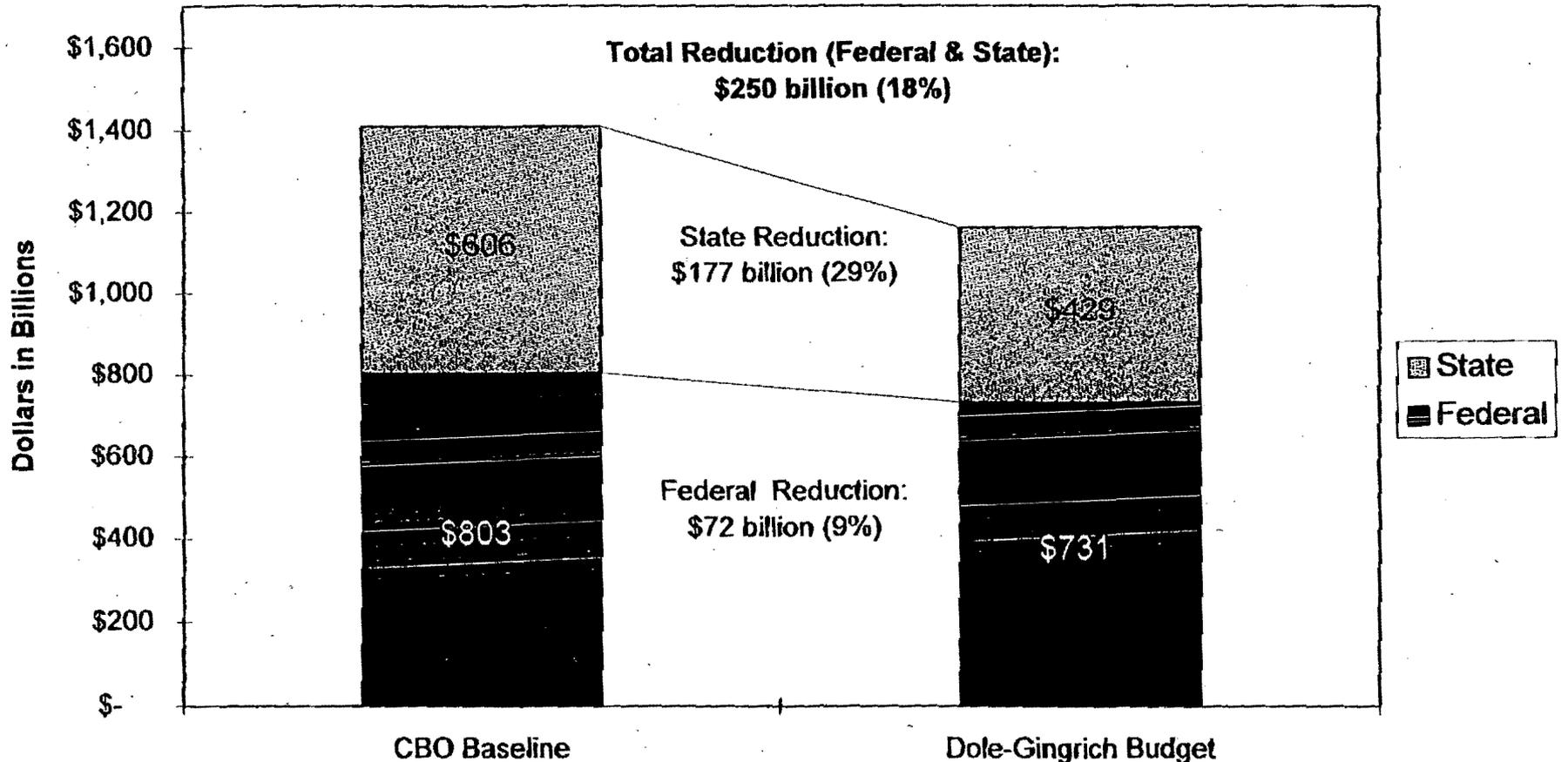
								Feb. 26
Title XI, Subtitle C - MEDICAID								7-year
	1996	1997	1998	1999	2000	2001	2002	Total
<i>Fiscal year outlays, in billions of dollars</i>								
Part 1 - Federal Payments								
Sec. 11301 Per Beneficiary Limitation	0.0	-0.8	-2.5	-4.0	-6.1	-9.0	-12.7	-35.1
Sec. 11302 Reform DSH payments	0.0	-1.9	-3.9	-6.0	-8.0	-9.2	-10.3	-39.3
Supplemental Payments and Transition Grants								
(a) Transition Grants	0.0	3.1	3.1	2.5	2.5	0.0	0.0	11.2
(b) Undocumented Immigrants	0.0	0.7	0.7	0.7	0.7	0.7	0.0	3.5
(c) Rural clinics and FQHCs	0.0	0.5	0.5	0.5	0.5	0.5	0.5	3.0
Subtitle C - Managed Care								
Sec. 3024 6-month Guaranteed Eligibility	0.0	0.2	0.2	0.3	0.3	0.3	0.4	1.7
TOTAL, Subtitle C - Medicaid	0.0	1.766	-1.842	-6.036	-10.140	-16.592	-22.210	-56.063
Welfare Interactions	0.000	0.032	-0.027	0.300	0.277	0.175	0.106	0.863
Medicare Offsets	0.000	-0.032	-0.072	-0.053	0.006	0.083	0.201	0.133
Veterans Provisions	0.000	0.000	0.000	0.299	0.307	0.315	0.323	1.244
Net Medicaid Savings	0.000	1.766	-1.941	-5.490	-9.560	-16.019	-21.580	-62.823

Clinton Administration Response to Trust Fund Problems (1993)

The extra years were derived from:

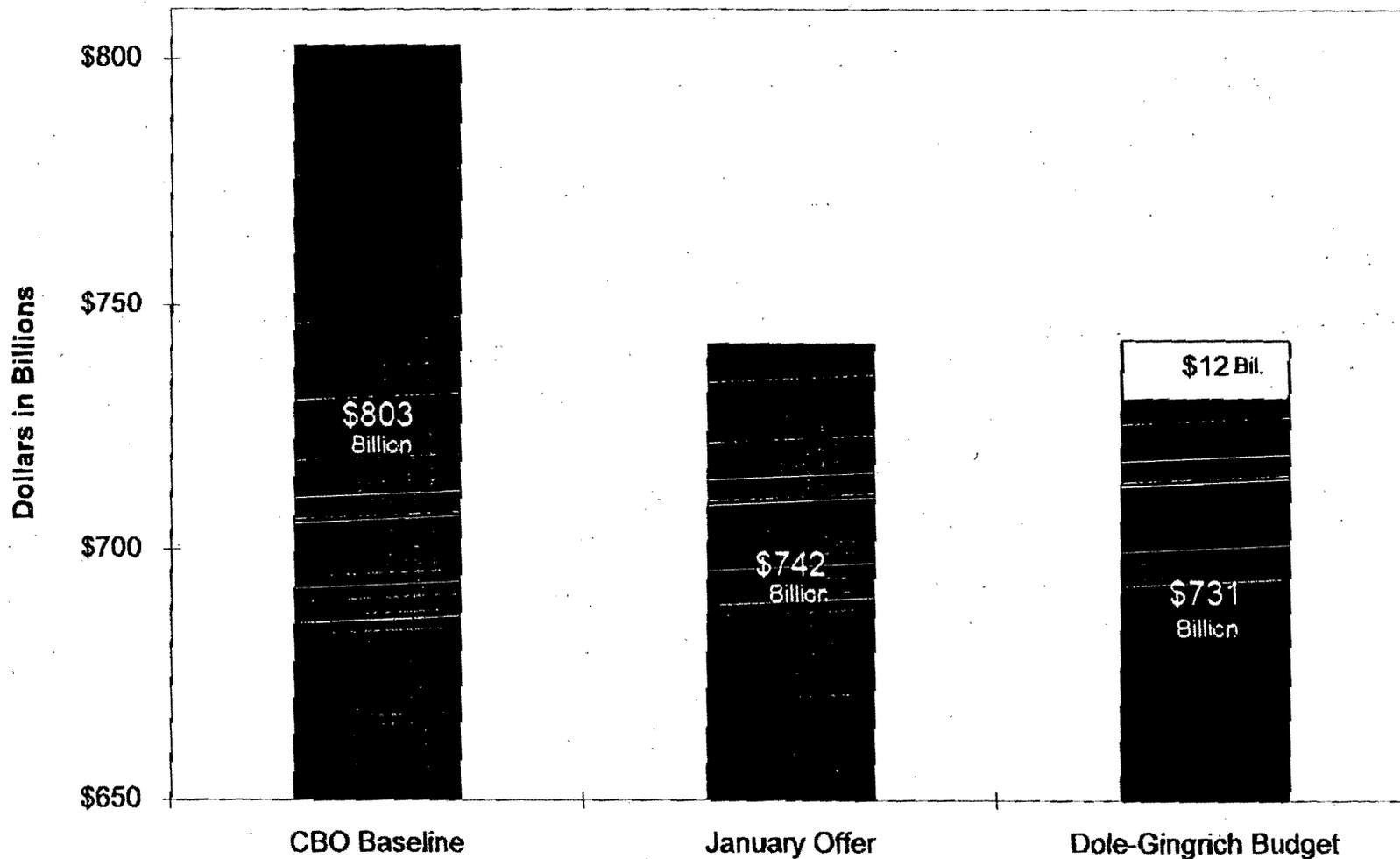
1. Constraining the growth of Medicare, primarily through specific provider payment reductions.
2. Repealing the maximum earnings cap for the Medicare HI payroll tax.
3. Increasing the percentage of Social Security benefits of well-off seniors subject to taxation and dedicating that revenue to the HI trust fund.
4. Economic growth partly spurred from the deficit reduction bill.

Medicaid Spending Under the Dole-Gingrich Budget: 1997 - 2002

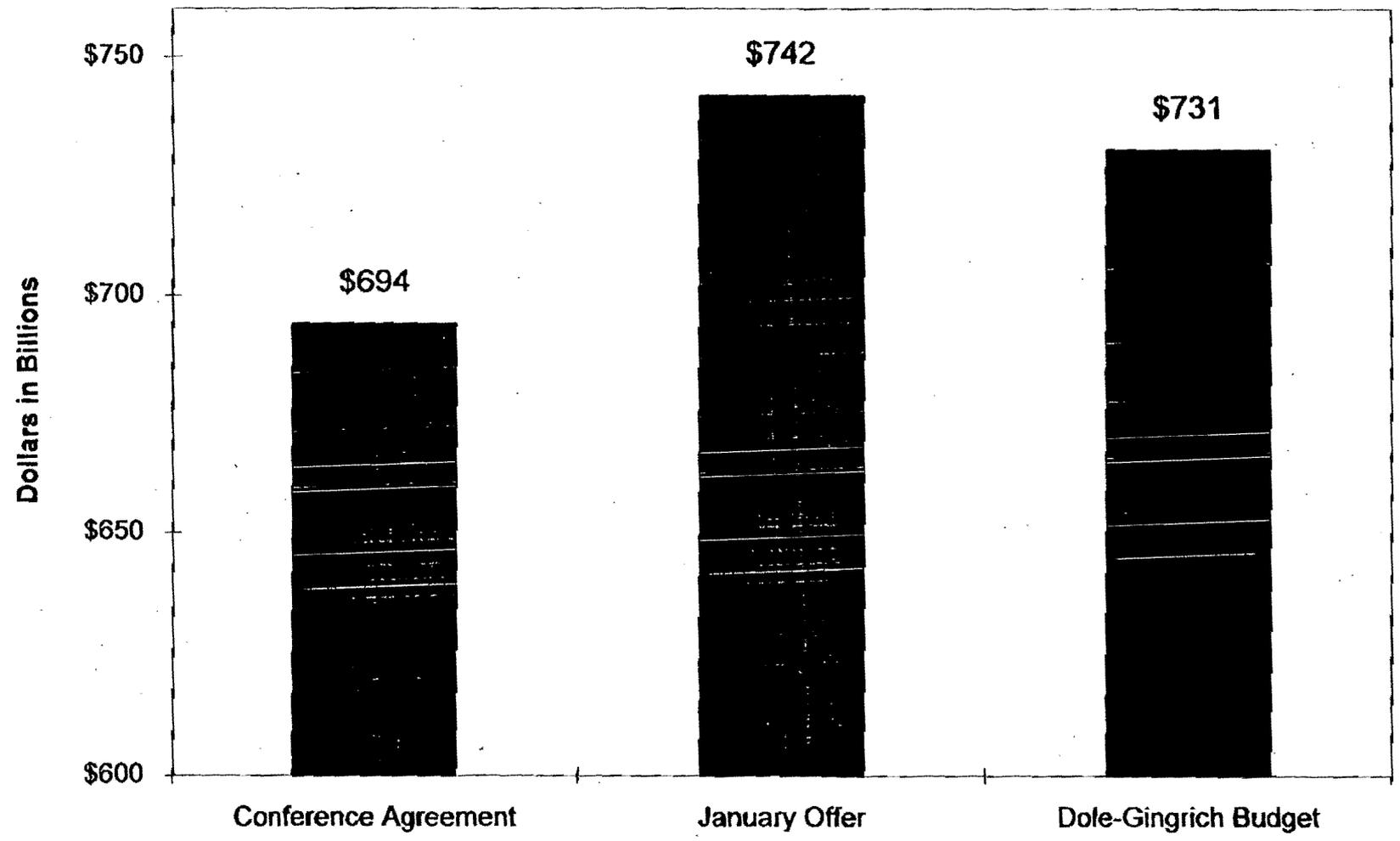


Assumes that matching rate is changed as per the November 1995 Republican Conference Agreement vetoed by the President; this raises the minimum Federal match from 50% to 60%. Assumes that states spend enough to draw down their full Federal allotment. Numbers may not sum to totals due to rounding.

Federal Medicaid Payments to States, 1997 - 2002 Dole-Gingrich Budget Takes an Extra \$12 billion



Federal Medicaid Payments to States, 1997 - 2002 Republican Offers



CBO April 1998 Baseline: MEDICAID

The April baseline incorporates P.L. 104-121, passed in March of 1998. The law is projected to reduce enrollments among disabled individuals

Revised
08-May

Outlays by fiscal year, in billions of dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Federal share of Medicaid payments												
Benefits	74.5	80.6	89.9	99.5	109.3	118.9	131.0	144.6	159.5	176.1	194.8	214.8
Disproportionate share	10.7	10.7	11.2	11.6	12.4	13.0	13.7	14.3	15.1	15.8	16.6	17.4
Administration	3.9	4.3	4.7	5.1	5.7	6.3	6.8	7.6	8.4	9.2	10.2	11.2
TOTAL	89.1	95.7	104.8	115.4	128.4	138.2	151.6	166.4	183.0	201.2	221.2	243.2
Percentage Change	8.6%	7.6%	9.4%	10.2%	9.6%	9.3%	9.7%	8.9%	9.9%	10.0%	10.0%	9.9%
State Share	67.2	72.2	79.0	87.1	95.3	104.2	114.3	125.8	138.0	151.8	166.9	183.8
Total State and Federal	156.3	168.0	183.8	202.6	221.7	242.4	265.9	292.0	321.0	353.0	388.1	426.7
Benefits by type of spending												
Acute care	48.6	50.7	58.1	62.3	68.6	75.3	83.0	91.8	101.5	112.2	123.9	138.9
Long term care	27.7	30.1	32.6	36.2	39.6	43.6	48.0	52.7	58.1	64.0	70.8	77.7
Total	74.5	80.6	88.9	98.6	108.3	118.9	131.0	144.6	159.5	176.1	194.8	214.8
Benefits by Recipient Category												
Aged	23.9	25.7	28.1	30.6	33.8	38.0	40.8	44.3	48.6	53.4	58.7	64.8
Blind and Disabled	28.4	29.2	32.2	36.1	40.2	44.6	49.2	54.7	60.7	67.4	74.6	82.9
Children	14.2	15.3	17.2	18.0	20.7	22.7	25.0	27.5	30.4	33.6	36.9	40.6
Adults	9.9	10.8	11.4	12.5	13.6	14.9	16.4	18.0	19.6	21.8	24.0	26.8
Recipients (millions of people)												
Aged	4.2	4.3	4.5	4.6	4.7	4.9	5.0	5.1	5.2	5.4	5.5	5.7
Blind and Disabled	5.8	6.0	6.3	6.6	6.8	7.0	7.3	7.6	7.8	8.0	8.2	8.5
Children	18.1	18.6	19.4	19.6	20.3	20.7	21.2	21.7	22.1	22.6	23.0	23.5
Adults	7.9	7.8	7.9	8.1	8.3	8.4	8.6	8.8	9.0	9.1	9.3	9.5
Total	36.0	36.8	38.1	39.0	40.0	41.1	42.1	43.1	44.1	45.1	46.1	47.1

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DRAFT

Total

Rel cut

20% Silver roll-back
& red cut

MEDICAID: CBO March 1996 Baseline: Medicaid Federal & State Expenditures (Dollars in billions, fiscal years)

	1995	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
--	------	------	------	------	------	------	------	------	--------------------

TOTAL SPENDING

BASELINE (CBO FACTSHEET: 5/08/96)

Total Spending	156.3	168.0	183.9	202.5	221.8	242.5	265.8	291.9	1,576.2
Aggregate Growth		7.5%	9.5%	10.1%	9.5%	9.3%	9.6%	9.8%	9.3%
Per Capita Growth		5.3%	5.6%	7.4%	6.8%	6.8%	7.0%	7.3%	6.6%

REPUBLICAN BUDGET RESOLUTION (May 8, 1996)

Total Spending	156.3	152.0	166.3	176.8	186.3	200.3	210.3	221.3	1,313.4
Aggregate Growth		-2.8%	9.5%	6.3%	5.4%	7.5%	5.0%	5.2%	5.1%
Per Capita Growth		-4.8%	5.6%	3.7%	2.8%	4.8%	2.5%	2.8%	2.4%
Savings		-16.0	-17.5	-25.6	-35.4	-42.1	-55.5	-70.7	-262.8

Rounds to 265

PRESIDENT'S (CBO SCORING 4/16/96)

Total Spending	156.3	168.0	187.4	198.9	211.2	224.9	237.7	253.3	1,481.5
Aggregate Growth		7.5%	11.6%	6.2%	6.2%	6.5%	5.7%	6.6%	7.1%
Per Capita Growth		5.3%	7.6%	3.6%	3.5%	3.8%	3.1%	4.1%	4.4%
Savings		0.0	3.5	-3.5	-10.5	-17.5	-28.1	-38.6	-94.7

FEDERAL SPENDING

BASELINE (CBO FACTSHEET: 5/08/96)

Total Spending	89.1	95.7	104.8	115.4	126.4	138.2	151.5	166.4	898.4
Aggregate Growth		7.5%	9.5%	10.1%	9.5%	9.3%	9.6%	9.8%	9.3%
Per Capita Growth		5.3%	5.6%	7.4%	6.8%	6.6%	7.0%	7.3%	6.8%

REPUBLICAN BUDGET RESOLUTION (May 8, 1996)

Total Spending	89.1	95.7	104.8	111.4	117.4	126.2	132.5	139.4	827.4
Aggregate Growth		7.5%	9.5%	6.3%	5.4%	7.5%	5.0%	5.2%	6.6%
Per Capita Growth		5.3%	5.6%	3.7%	2.8%	4.8%	2.5%	2.8%	3.9%
Savings		0.0	0.0	-4.0	-9.0	-12.0	-19.0	-27.0	-71.0

This is too low due to rounding

PRESIDENT'S (CBO SCORING 4/16/96)

Total Spending	89.1	95.7	106.8	113.4	120.4	128.2	135.5	144.4	844.4
Aggregate Growth		7.5%	11.6%	6.2%	6.2%	6.5%	5.7%	6.6%	7.1%
Per Capita Growth		5.3%	7.6%	3.6%	3.5%	3.8%	3.1%	4.1%	4.4%
Savings	0	0.0	2.0	-2.0	-6.0	-10.0	-16.0	-22.0	-54.0

The average annual growth rates are calculated for 1995 through 2002 (not 1996 through 2002) and use the growth in total beneficiaries from the CBO baseline.

(1) The Federal spending comes from preliminary majority staff estimates.

(2) The annual Federal spending for Medigra II (from the preliminary staff estimates) was prorated down to achieve \$85 billion in 7-year Federal savings.

It is assumed that the new average FMAP is 83% (consistent with November GAO analysis of conference agreement).

It is assumed that states spend the minimum necessary to draw down the Federal spending limit.

The central bank of India ~~is~~ ~~the~~ Monetary Control ~~is~~

The 265 section about the Reserve Bank of India Monetary Control
is a sub-section under the Reserve Bank of India Act, 1934
which is 20% below inflation.

95

265

Article 3 deals with the Reserve Bank of India
proposed changes



GEORGETOWN UNIVERSITY MEDICAL CENTER

Institute for Health Care Research and Policy

FACSIMILE COVER SHEET

TO:

CHRIS

FAX NO.:

Jenna

FROM:

DATE:

PAGES INCLUDING THIS COVER SHEET:

COMMENTS:

*Medicaid Growth is different
Because (a) Started
FMAP Reduction in '97
+ (b) Growth Rates 98-02*

MEDICAID: CBO March 1996 Baseline: Medicaid Federal & State Expenditures (Dollars in billions, fiscal years)

	1995	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total
TOTAL SPENDING									
BASELINE (CBO FACTSHEET: 5/08/96)									
Total Spending	156.3	168.0	183.9	202.5	221.8	242.5	265.8	291.9	1,576.2
Aggregate Growth		7.5%	9.5%	10.1%	9.5%	9.3%	9.6%	9.8%	9.7%
Per Capita Growth		5.3%	5.6%	7.4%	6.8%	6.6%	7.0%	7.3%	6.8%
REPUBLICAN BUDGET RESOLUTION (May 8, 1996)									
Total Spending	156.3	168.0	166.3	176.8	186.3	200.3	210.3	221.3	1,329.4
Aggregate Growth		7.5%	-1.0%	6.3%	5.4%	7.5%	5.0%	5.2%	4.7%
Per Capita Growth		5.3%	-4.5%	3.7%	2.8%	4.8%	2.5%	2.8%	2.0%
Savings		0.0	-17.5	-25.6	-35.4	-42.1	-55.5	-70.7	-246.8
PRESIDENT'S (CBO SCORING 4/16/96)									
Total Spending	156.3	168.0	187.4	198.9	211.2	224.9	237.7	253.3	1,481.5
Aggregate Growth		7.5%	11.6%	6.2%	6.2%	6.5%	5.7%	6.6%	7.1%
Per Capita Growth		5.3%	7.6%	3.6%	3.5%	3.8%	3.1%	4.1%	4.3%
Savings		0.0	3.5	-3.5	-10.5	-17.5	-28.1	-38.6	-84.7
FEDERAL SPENDING									
BASELINE (CBO FACTSHEET: 5/08/96)									
Total Spending	89.1	95.7	104.8	115.4	126.4	138.2	151.5	166.4	898.4
Aggregate Growth		7.5%	9.5%	10.1%	9.5%	9.3%	9.6%	9.8%	9.7%
Per Capita Growth		5.3%	5.6%	7.4%	6.8%	6.6%	7.0%	7.3%	6.8%
REPUBLICAN BUDGET RESOLUTION (May 8, 1996)									
Total Spending	89.1	95.7	104.8	111.4	117.4	126.2	132.5	139.4	827.4
Aggregate Growth		7.5%	9.5%	6.3%	5.4%	7.5%	5.0%	5.2%	6.5%
Per Capita Growth		5.3%	5.6%	3.7%	2.8%	4.8%	2.5%	2.8%	3.7%
Savings		0.0	0.0	-4.0	-9.0	-12.0	-19.0	-27.0	-71.0
PRESIDENT'S (CBO SCORING 4/16/96)									
Total Spending	89.1	95.7	106.8	113.4	120.4	128.2	135.5	144.4	844.4
Aggregate Growth		7.5%	11.6%	6.2%	6.2%	6.5%	5.7%	6.6%	7.1%
Per Capita Growth		5.3%	7.6%	3.6%	3.5%	3.8%	3.1%	4.1%	4.3%
Savings	0	0.0	2.0	-2.0	-6.0	-10.0	-16.0	-22.0	-54.0

The average annual growth rates are calculated for 1996 through 2002 and use the growth in total beneficiaries from the CBO baseline.

(1) The Federal spending comes from preliminary majority staff estimates.

(2) The annual Federal spending for Medicaid II (from the preliminary staff estimates) was prorated down to achieve \$85 billion in 7-year Federal savings.

It is assumed that the new average FMAP is 83% (consistent with November GAO analysis of conference agreement).

It is assumed that states spend the minimum necessary to draw down the Federal spending limit.

MEDICARE: DRAFT PRELIMINARY CBO Medicare March 1996 Baseline (Dollars in billions; fiscal years)

	1995	1996	1997	1998	1999	2000	2001	2002	1996-2002 Total	Growth 96-02
BASELINE (CBO FACTSHEET: 3/38/96) (1)										
Total (Gross) Spending	177.1	196.1	215.6	236.5	257.6	279.6	303.4	328.8	1,817.6	9.0%
Spending per capita (2)	4,799	5,229	5,659	6,127	6,588	7,078	7,585	8,099		7.6%
Federal (Net) Spending	156.9	176.1	195.0	213.9	233.6	254.8	277.2	301.4	1,651.8	9.4%
Spending per capita (2)	4,252	4,696	5,118	5,541	5,974	6,446	6,930	7,424		7.9%
		10.4%	9.0%	8.3%	7.8%	7.9%	7.5%	7.1%		
REPUBLICANS' BUDGET RESOLUTION (May 8, 1996)										
Total Spending	- Not Available									
Spending per capita (2)	-									
Federal Spending	156.9	176.1	188.0	201.9	211.6	222.6	235.2	248.4	1,483.8	5.9%
Spending per capita (2)	4,252	4,696	4,934	5,231	5,412	5,635	5,880	6,118		4.5%
		10.4%	5.1%	6.0%	3.5%	4.1%	4.3%	4.1%		
Savings		0	-7	-12	-22	-32	-42	-53	-168	
Premiums	Not Available									
PRESIDENT (CBO SCORING 4/17/96)										
Total Spending	177.1	196.6	209.3	227.1	241.6	258.0	276.4	298.0	1,707.0	7.2%
Spending per capita (2)	4,799	5,243	5,493	5,883	6,179	6,532	6,910	7,340		5.8%
Federal Spending	156.9	176.6	188.8	204.9	217.7	232.2	248.3	267.2	1,535.7	7.1%
Spending per capita (2)	4,252	4,709	4,955	5,308	5,588	5,878	6,208	6,581		5.7%
		10.8%	5.2%	7.1%	4.9%	5.6%	5.6%	6.0%		
Savings		0.5	-8.2	-9	-15.9	-22.4	-28.9	-34.2	-116.1	
Premium Savings		0	0.1	0.4	0.1	-0.8	-1.9	-3.4	-5.5	

NOTE: If you are using the nominal spending per beneficiary please round to the nearest \$100.

(1) Mandatory spending, including PROs.

(2) Spending divided by CBO's March 1995 Part A enrollment

SENATE

NOTE: GROWTH Rates = 96-02 (NOT 95-02) SINCE IT IS NOW A 6 YEAR PROPOSAL

FY 1997 Budget Resolution

CHAIRMAN'S MARK



Prepared by the
Republican Staff of the
U.S. Senate Budget Committee

May 1996

CHAIRMAN'S MARK BUDGET AGGREGATES

(Dollars in billions)

	1996	1997	1998	1999	2000	2001	2002	6-year Total
Discretionary:								
Defense.....	265	265	263	266	269	268	268	1599
Nondefense.....	271	271	264	260	256	250	249	1551
Subtotal discretionary.....	536	536	527	526	526	518	516	3150
Mandatory:								
Social Security.....	348	365	383	402	422	444	467	2484
Medicare.....	196	209	224	236	249	263	279	1459
Medicaid.....	96	105	111	117	126	133	139	731
Welfare programs.....	85	89	89	102	100	98	106	583
EITC (outlays).....	16	18	18	19	20	20	21	116
Other mandatory.....	57	62	82	71	83	84	82	464
Net interest.....	240	242	244	243	240	238	236	1444
Total outlays.....	1575	1626	1678	1717	1764	1798	1846	10430
Revenues.....	1431	1471	1532	1600	1675	1755	1846	9879
Resulting deficit/surplus.....	-147	-155	-146	-117	-89	-43	0	

NOTE: Details may not add to totals due to rounding. All totals shown on a unified budget basis.
 Prepared by SBC Majority Staff, 08-May-96

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MAY 09 '96 11:05AM SENATOR BREAUX

P.5

CHAIRMAN'S MARK COMPARED TO FREEZE BASELINE

(Dollars in billions)

	1996	1997	1998	1999	2000	2001	2002	6-Yr Total
Freeze baseline deficits a/.....	146	158	164	155	147	125	121	
Discretionary:								
Defense.....	--	-1	-1	1	3	7	5	13
Nondefense.....	--	-3	-7	-11	-14	-20	-22	-77
Mandatory:								
Social Security.....	--	--	--	--	--	--	--	--
Medicare: b/								
Part A solvency.....	--	-5	-10	-16	-23	-30	-39	-123
Part B President's proposals.....	--	-2	-2	-6	-9	-12	-14	-44
Medicaid.....	--	-0	-4	-9	-12	-19	-27	-72
Welfare programs.....	--	-1	-7	-9	-11	-11	-13	-53
ETTC.....	-0	-2	-3	-3	-3	-3	-3	-17
Other mandatory.....	--	-4	-3	-6	-8	-9	-12	-42
Revenues:								
Tax relief.....	1	15	20	24	23	23	16	122
Total policy changes.....	1	-3	-17	-36	-53	-74	-109	-293
Debt service.....	0	-0	-1	-2	-4	-7	-12	-26
Total deficit reduction.....	1	-3	-18	-37	-58	-82	-121	-319
Resulting deficit/surplus.....	147	155	146	117	89	43	-0	

NOTE: Details may not add to totals due to rounding. All totals shown on a unified budget basis. Revenue reduction shown as positive because it increases the deficit. Welfare programs include: Food stamps, SSI, family support, child nutrition, and foster care.

a/ Budget resolution baseline includes adjustments for OCRA, subsidized housing, students loans, etc.

b/ Excludes \$10 billion reserved for Graduate Medical Education included in "other" mandatory spending. ..

Prepared by SDC Majority Staff,

08-May-96