

Total Cost is \$175.20
 bene \$43.80
 taxpayer \$131.40

Medicare Premiums

DRAFT

As scheduled under current law, the Medicare premium will increase by a modest \$1.30 next year (from \$42.50 in 1996 to \$43.80 in 1997). Premiums are based on projections by the Department of Health and Human Services of the amount necessary to equal 25 percent of program costs.

The Pres's plan would keep premiums at 25%.

The 1997 Medicare premium is \$13.20 a month less than the \$57.00 per month that the Congressional Budget Office (CBO) projected the 1997 premium would have been under the GOP budget proposal that the President vetoed last year. On an annual basis, this translates into \$158.40 less per beneficiary and \$316.80 less per couple than what the GOP proposal would have required. Combined with 1996 difference in premiums between the President's plan, under the GOP proposal (\$134.40 per beneficiary/\$268.80 per couple), beneficiaries would have had to pay \$292.80 per beneficiary/\$585.60 per couple more in 1996 and 1997 than they do under current law (or under the President's premium proposal in his balanced budget proposal).

	<u>1996</u>	<u>1997</u>	<u>TOTAL</u>
Vetoed GOP Budget on March 1995 baseline (CBO 11/16/95, CBO didn't score President on March baseline)	\$53.70	\$57.00	\$110.70
Premium Under Current Law/President's Plan	\$42.50	\$43.80	\$86.30
Monthly Difference from Current Law/President	\$11.20	\$13.20	\$24.40
Yearly Difference from Current Law/President	\$134.40	\$158.40	\$292.80
Yearly Difference per couple	\$268.80	\$316.80	\$585.60

Source: CBO projections of GOP Medicare plan that was vetoed in 1995 and current law projections supplied by the Health Care Financing Administration



FAX TRANSMISSION

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TOTAL NUMBER OF PAGES TRANSMITTED: 2

COMMENTS:

Draft Q's & A's on Medicare premiums. Please call with changes/clearance. Thanks.

Medicare Part B Premium and Part A Deductible

How much is the Medicare Part B premium going up and why?

The monthly Part B premium is rising just 3 percent -- an increase of \$1.30 a month from \$42.50 to \$43.80. The Part B premium covers the cost of doctor visits and other outpatient care. It is set by law at 25 percent of Part B program costs. The 3 percent rise will help pay for expected increases in the number, complexity, and cost of services provided as well as scheduled increases in Medicare fees to doctors and other health care providers.

How does this Part B premium increase compare to the Dole-Gingrich Medicare plan that President Clinton vetoed?

Under the Dole-Gingrich Medicare plan, the Part B premium would have been \$13.20 more a month for every beneficiary -- that's 30 percent higher than the amount the premium is now scheduled to be. The Dole-Gingrich plan would require Medicare beneficiaries to pay 31.5 percent of Part B program costs through their monthly premiums. The President's balanced budget plan would keep premiums at 25 percent of Part B costs.

How does this increase compare with increases in past years?

It is the smallest increase since 1990. (The Part B premium decreased in 1996 due to a change in the law that brought the premium back down to 25 percent of Part B costs). This year's modest increase reflects the success of the Administration's efforts to slow the growth of Medicare spending. Program growth declined to 10.8 percent in FY1995, down from 11.4 percent in FY1994.

Wasn't the premium supposed to increase by 9 percent? Are you holding down premiums for political reasons?

No. The 1997 premium is being reduced to reflect slower-than-expected growth in Medicare spending in 1996. Part B costs in 1996 are expected to be 6.1 percent lower than was predicted when the 1996 premium was set. We are returning those savings to the beneficiaries in the form of lower premiums.

How much is the Part A deductible going up and why?

The Part A deductible also is increasing by 3 percent -- from \$736 to \$760. The Part A deductible is charged for the first day of hospital care in each spell of illness. It is the only payment made for the first 60 days of inpatient care provided to a beneficiary. By law the Part A deductible is set by a formula that accounts for increasing costs and complexity of hospital services.

LEVEL 1 - 3 OF 6 STORIES

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Los Angeles Times

October 16, 1996, Wednesday, Home Edition

SECTION: Part A; Page 4; National Desk

LENGTH: 787 words

HEADLINE: **MEDICARE 'CUTS' COME WITH IFS, ANDS, BUTS;**
ENTITLEMENTS: WHERE'S THE TRUTH AS CANDIDATES' CHARGES SWIRL CONCERNING THE
POPULAR, MASSIVE PROGRAM? FIRST, THE C-WORD MUST BE DEFINED.

BYLINE: ROBERT A. ROSENBLATT, TIMES STAFF WRITER

DATELINE: WASHINGTON

BODY:

Democrats say that Republicans want to cut **Medicare**. Republicans deny the charge and insist that they want to save the immensely popular program that helps pay medical bills for 35 million people over 65 and 3 million disabled Americans of all ages.

President Clinton and Republican candidate Bob Dole are likely to exchange harsh words on the issue again tonight. How can voters determine which man is telling the truth? Only by peering into the strange universe of Washington budget-making where the word "cut" has a very different meaning than in the ordinary world.

Medicare spending is growing at the rate of 11% a year. Both Clinton and Dole agree that rate is much too fast. They want a slower pace of increase for the program, which is surpassed only by spending for Social Security, defense and interest on the national debt.

*

Contrary to Democratic campaign commercials, nobody on the Republican side wants to spend fewer dollars for **Medicare**, the precise definition of a "cut." Instead, the argument is over how much to slow the 11% rate of growth for **Medicare**, which currently pays an average of \$ 5,229 per beneficiary each year.

But slowing the rate of growth will, eventually, almost certainly require some **Medicare** beneficiaries to get less out of the program than they receive now--a "cut" in benefits, if not in spending.

If nothing is changed and current spending patterns continue, those **Medicare** outlays will soar to \$ 8,099 per beneficiary in the year 2002. **Medicare** spending is growing because of increasing intensity of care--more tests

Los Angeles Times, October 16, 1996

and more surgeries are being performed. And more of those who have been sick are getting home care services.

Clinton's budget plan this year anticipates outlays of \$ 7,342 per person, while the final budget resolution adopted by the Republican Congress calls for expenditures of \$ 6,957.

The \$ 1,000-plus gap between current spending patterns and the figure contained in the budget resolution is the source of partisan wrangling and debate.

Campaigning Saturday in Colorado, Clinton said: "We should reform Medicare, not wreck it."

Dole complained in an Ohio appearance that "the only thing the Clinton administration has to offer is fear. Fear of destroying Medicare, fear of deficits, fear of budget cuts and the list of distortions, demagoguery and exaggerations sadly goes on and on."

The administration insists that it can save Medicare's hospital trust fund, called Part A, which is projected to run out of money in 2001, by slowing the growth in payments to doctors and hospitals without touching the wallets of the 38 million beneficiaries.

But Republicans say that more must be done to reform the basic approach of the program, or its future will be jeopardized. This could mean encouraging more participants to join health maintenance organizations and other forms of managed care designed to control costs.

And it almost certainly will mean that people enrolled in Medicare will have to pay more for their benefits, something no politician wants to admit in an election year.

Medicare beneficiaries today pay an amount equal to just 10% of the value of the benefits they receive. Working Americans pay for Part A of the Medicare fund through a 1.45% payroll tax, which employers match through an identical 1.45% tax. And Part B, which covers doctor bills, is financed overwhelmingly by general tax revenue. The beneficiaries pay \$ 42.50 a month.

Democratic commercials this year are geared to the events of 1995, when the Republican Congress proposed savings of \$ 270 billion over seven years for Medicare as part of the balanced-budget plan vetoed by Clinton.

Most of that money would have come from changes in payments to doctors, hospitals and other health care providers. However, there also were provisions for some increases in payments by beneficiaries, leaving GOP candidates vulnerable to political charges that they were targeting seniors.

*

The administration proposed about \$ 100 billion in savings that year, almost all from providers and by shifting some programs. The Democrats refuse to acknowledge any need for additional payments by beneficiaries. But health care

Los Angeles Times, October 16, 1996

experts agree that providers alone cannot rescue Medicare financially. At some level of savings, the quality of care would begin to erode--increasing pressure for higher payments from beneficiaries.

This year the competing Medicare numbers from the White House and Congress have come much closer, with the GOP talking about \$ 168 billion in future savings and the president suggesting \$ 124 billion. The numbers are not that significant in a program that will spend a grand total of more than \$ 1.5 trillion by 2002.

LANGUAGE: English

LOAD-DATE: October 16, 1996



**DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION**

ASSOCIATE ADMINISTRATOR FOR EXTERNAL AFFAIRS
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FAX TRANSMISSION

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Date: August 23, 1996
Pages: 4, including this cover sheet.

COMMENTS:

Per Kathy King request I'm faxing
the LA Times Article. If this isn't
right please feel free to call me.

Sam
690-6977

**Medicare Part B Premiums:
Latest Congressional Majority (Thomas) Offer and Administration Proposal**

Dollars per month, by calendar year

	1996	1997	1998	1999	2000	2001	2002
Current law (CBO April 1996)	42.50	44.40	48.70	50.20	51.70	53.20	54.70
President's proposal (CBO April 1996)	42.50	44.00	47.60	50.40	54.20	58.20	63.60
Thomas offer (February 1, 1996)	42.50	47.00	51.00	58.00	63.00	69.00	77.00

Clinton Administration to Announce Hike

in Medicare Premiums Later this Month

**-New Fee to be Approx. \$176 Monthly-
Seniors Will Pay \$44, Taxpayers to Pay \$132**

Taxpayer Share of Premium up 32% Since 1995

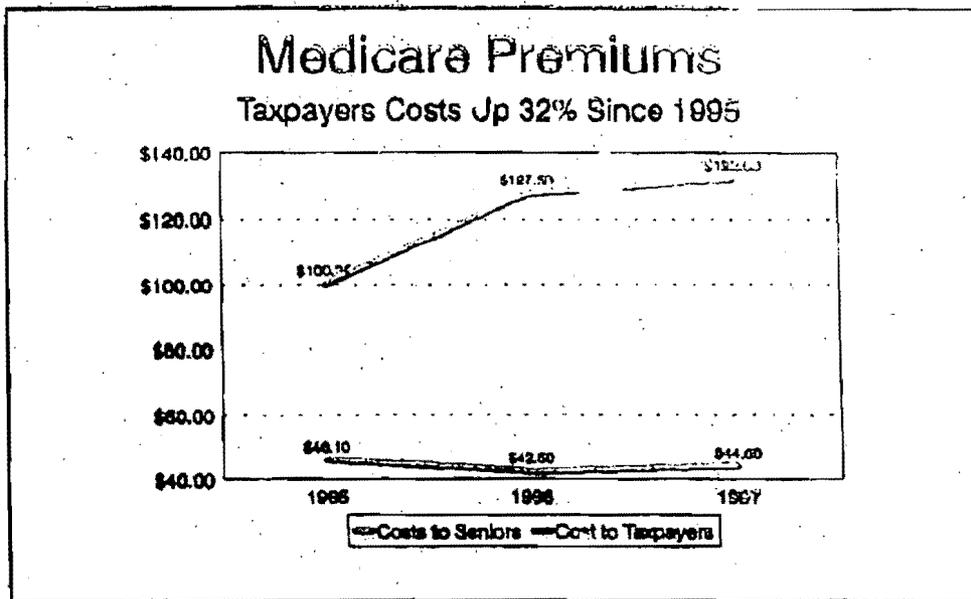
Washington - The Clinton Administration later this month will announce an increase in the Medicare Part B premium paid by seniors and a larger hike in the share of the premium paid for by taxpayers. Bill Archer, Chairman of the Ways and Means Committee said today.

The new premium, effective January 1, 1997, will be approximately \$176 a month, up from today's \$170 total monthly fee. Archer said, basing his estimate on a projection from the Congressional Budget Office. The share that senior citizens will be required to pay will be roughly \$44.00 monthly, up from the current fee of \$42.50. The balance of the premium, \$132, will be paid for by the taxpayers. The *Los Angeles Times* this morning reported that the senior citizens portion of the fee will be \$43.80 in 1997.

In 1995, the total monthly premium was \$146.35, with taxpayers paying \$100.25. As a result of this month's announcement, the taxpayer share of the premium will be increased 32% to \$132. The taxpayer increase will result in higher deficit spending. In 1995, Medicare Part B spending was \$69.6 billion, with \$50.8 billion financed through the deficit.

"The way to save Medicare is to help both our senior citizens and the next generation," Archer said. "We can and we must find a bi-partisan way to do both." But we must be very careful not to take any action that jeopardizes our nation's future by exploding the deficit, making it harder for the next generation to be successful."

In 1995, seniors paid 31.5% of the cost of the total premium and taxpayers, through the deficit, financed the remaining 69.5%. In 1996, the senior citizen share was reduced to 25%, increasing the taxpayer portion to 75%.





FAX COVER SHEET



OFFICE OF LEGISLATIVE & INTER-GOVERNMENTAL AFFAIRS

Number of Pages: _____

Date: _____

To: <i>Chris Jennings</i>	From: <i>IRA Bursney</i>
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REMARKS: *Here's Part B premiums for*
Republican \$270, \$227 plans +
Adm \$97 + \$116 plans

HEALTH CARE FINANCING ADMINISTRATION
 200 Independence Ave., SW
 Room 341-H, Humphrey Building
 Washington, DC 20201

HC 270 bil

Title VIII, Medicare

10-Nov-98

By fiscal year, in billions of dollars

	1996	1997	1998	1999	2000	2001	2002	Total
CHANGE IN DIRECT SPENDING								
Subtitle A—MedicarePlus Program /1	-0.1	-0.5	-1.2	-2.6	-5.0	-7.3	-10.2	-26.9
Subtitle B—Preventing Fraud and Abuse								
Payment Safeguards and Enforcement	0.3	-0.2	-0.5	-0.8	-0.9	-0.7	-0.8	-3.5
New and increased Civil Monetary Penalties	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.4
Additional Exclusion Authorities	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.3
Criminal Provisions	-0.0	0.0	0.0	0.1	0.2	0.2	0.2	0.7
Other Items	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Subtotal, Subtitle B	0.3	-0.2	-0.6	-0.8	-0.8	-0.7	-0.7	-3.6
Subtitle C—Regulatory Relief								
Physician Ownership Referral	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
Subtotal, Subtitle C	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3
Subtitle D—Graduate Medical Education								
Indirect Medical Education Payments	-0.4	-0.8	-0.8	-1.1	-1.3	-1.5	-1.7	-7.6
Direct Medical Education	0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.4	-1.4
Subtotal, Subtitle D	-0.4	-0.9	-1.0	-1.2	-1.5	-1.9	-2.1	-9.0
Subtitle E—Medicare Part A								
Chapter 1— General Provisions Relating to Part A								
PPS MB-2.5 in FY98, -2.0 thereafter	-0.2	-1.1	-2.4	-3.8	-5.4	-7.2	-9.0	-29.1
PPS Exempt Update Reduction	-0.0	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-2.0
Targets for Rehabilitation and LTC Hospitals	-0.0	-0.1	-0.2	-0.4	-0.5	-0.7	-0.7	-2.7
Rebasing for Certain LTC Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTC Hospitals Within Other Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Reduce nonPPS capital by 10%	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.9
Reduce DSH Payments	-0.1	-0.3	-0.6	-0.9	-1.1	-1.2	-1.2	-5.4
Reduce PPS Capital by 15%	-1.0	-1.2	-1.3	-1.3	-1.4	-1.4	-1.5	-9.0
Rebase PPS Capital Payment Rates	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-2.7
Reduce Payments for Hospital Bad Debt	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Preferential Update for Certain MDH Hospitals	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.6

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Chapter 2--Skilled Nursing Facilities
Skilled Nursing Facilities

-0.2	-0.6	-1.1	-1.6	-1.9	-2.2	-2.4	-10.0
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Chapter 3 - Other Provisions Related to Part A

- Hemophilia Pass-Through Extension
- Hospice
- Subtotal, Subtitle E**

0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
-2.0	-3.8	-6.2	-8.9	-11.4	-13.9	-16.2	-62.6

Subtitle F--Medicare Part B

Part 1--Payment Reforms

- Reduce payments for physicians' services
- Eliminate formula driven overpayment
- Reduce updates for durable medical equipment
- Reduce updates for clinical labs
- Extend outpatient capital reduction
- Extend outpatient payment reduction
- Freeze payments for ASC services
- Anesthesia Payment Allocation
- Separate physician fee schedule for Wisconsin
- Limit payments for ambulance services
- Direct payment to PAs and NPs 2/
- Payments to primary care MDs in shortage areas 2/

-0.4	-1.3	-2.3	-3.2	-4.1	-5.1	-6.2	-22.6
-0.9	-1.2	-1.5	-2.0	-2.5	-3.3	-4.5	-15.9
-0.1	-0.3	-0.4	-0.6	-0.7	-0.9	-1.1	-4.1
-0.1	-0.4	-0.7	-0.9	-1.1	-1.3	-1.6	-6.0
0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.6
0.0	0.0	0.0	-0.3	-0.3	-0.4	-0.4	-1.4
-0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-1.3
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-0.0	-0.0	-0.1	-0.1	-0.1	-0.2	-0.3	-0.8
0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3
0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.5

Part 2--Part B Premium

- Increase Part B premium
- Income-related reduction in medicare subsidy
- Subtotal, Subtitle F**

-3.3	-4.3	-4.1	-5.2	-7.9	-10.4	-13.5	-48.6
0.0	-0.4	-0.9	-1.3	-1.7	-2.0	-2.3	-8.5
-4.7	-7.7	-9.9	-13.7	-18.7	-24.0	-30.3	-109.1

Subtitle G--Medicare Parts A and B:

- Payment for home health services
- Medicare second payer improvements
- Coverage of Oral Breast Cancer Drug
- Subtotal, Subtitle G**

0.0	-1.3	-2.3	-2.7	-3.1	-3.6	-4.0	-17.0
0.0	0.0	0.0	-1.3	-1.5	-1.7	-1.9	-8.5
0.1	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
0.1	-1.3	-2.3	-4.1	-4.7	-6.3	-6.0	-23.6

Subtitle H—Rural Areas:

Medicare-Dependent Payment Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Critical Access Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3
Establish REACH Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Classification of Rural Referral Centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Expand Access to Nurse Aide Training 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle H	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Change in Net Mandatory Medicare Outlays before Failsafe	-6.8	-14.3	-21.1	-31.2	-42.0	-52.8	-65.3	-233.5
Additional Outlay Reductions Required by Failsafe, Net of Premiums	0.0	0.0	-6.2	-10.8	-7.1	-7.0	-5.6	-36.6
Total, Medicare	-6.8	-14.3	-27.2	-42.0	-49.0	-69.8	-70.9	-270.0

MEMORANDUM: Monthly Part B Premium (By calendar year)

Estimated premium under proposal	\$53.70	\$57.00	\$59.30	\$64.10	\$73.10	\$80.10	\$88.90
Estimated premium under current law	\$42.50	\$48.20	\$53.20	\$55.00	\$58.80	\$58.80	\$60.50

FOOTNOTES:

- 1/ Estimate includes medical savings accounts provision.
- 2/ These items are included in Subtitle H (Rural Areas)
- 3/ CBO estimates that this provision would cost less than \$50 million over seven years.

NOTES:

Details may not sum to totals because of rounding.
 The estimates assume an enactment date of November 15, 1995.
 The estimates do not incorporate changes in discretionary spending for administration.

Conf. 22+
Title V, Medicare, as reestimated under December 1995 baseline

By fiscal year, in billions of dollars

c-95

CHANGE IN DIRECT SPENDING

Subtitle A--MedicarePlus Program /1

1996 1997 1998 1999 2000 2001 2002 Total

-0.1 -0.3 -0.7 ~~-1.8~~^{1.8} -3.5 -5.2 -7.1 -18.6

Subtitle B--Preventing Fraud and Abuse

- Payment Safeguards and Enforcement
- New and Increased Civil Monetary Penalties
- Additional Exclusion Authorities
- Criminal Provisions
- Other Items
- Subtotal, Subtitle B

0.3 -0.2 -0.5 -0.7 -0.8 -0.7 -0.8 -3.4
 -0.0 -0.0 -0.1 -0.1 -0.1 -0.1 -0.1 -0.4
 -0.0 -0.0 -0.0 -0.1 -0.1 -0.1 -0.1 -0.3
 -0.0 0.0 0.0 0.1 0.2 0.2 0.2 0.7
 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.1
 0.3 -0.2 -0.6 -0.8 -0.8 -0.7 -0.7 -3.4

Subtitle C--Regulatory Relief

- Physician Ownership Reform
- Subtotal, Subtitle C

0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.2
 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.2

Subtitle D--Graduate Medical Education

- Indirect Medical Education Payments
- Direct Medical Education
- Subtotal, Subtitle D

-0.5 -1.0 -1.2 -1.6 -2.0 -2.5 -2.9 -11.5
 0.0 -0.1 -0.1 -0.1 -0.2 -0.3 -0.4 -1.4
 -0.5 -1.1 -1.3 -1.7 -2.2 -2.8 -3.2 -12.9

Subtitle E--Medicare Part A

Chapter 1-- General Provisions Relating to Part A

- PPS MB-2.5 in FY96, -2.0 thereafter
- PPS Exempt Update Reduction
- Targets for Rehabilitation and LTC Hospitals
- Rebasing for Certain LTC Hospitals
- LTC Hospitals Within Other Hospitals
- Reduce nonPPS capital by 10%
- Reduce DSH Payments
- Reduce PPS Capital by 15%
- Rebase PPS Capital Payment Rates
- Reduce Payments for Hospital Bad Debt
- Preferential Update for Certain MDH Hospitals

-0.3 -1.1 -2.4 -3.9 -5.5 -7.2 -9.1 -29.5
 -0.0 -0.1 -0.2 -0.2 -0.4 -0.5 -0.6 -1.9
 -0.0 -0.1 -0.2 -0.4 -0.5 -0.7 -0.7 -2.7
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 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.2
 -0.1 -0.1 -0.1 -0.1 -0.2 -0.2 -0.2 -1.0
 -0.1 -0.3 -0.6 -0.9 -1.1 -1.2 -1.2 -5.3
 -1.0 -1.2 -1.3 -1.3 -1.4 -1.5 -1.5 -9.2
 -0.3 -0.4 -0.4 -0.4 -0.4 -0.4 -0.4 -2.7
 -0.1 -0.1 -0.2 -0.2 -0.2 -0.2 -0.2 -1.0
 0.0 0.1 0.1 0.1 0.1 0.1 0.1 0.6

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 DEC-13-95 14:48 FROM: CBO/BAD/HRCEU

Title VIII, Medicare, as reestimated under December 1995 baseline

Dec-95

By fiscal year, in billions of dollars	1996	1997	1998	1999	2000	2001	2002	Total
Chapter 2--Skilled Nursing Facilities								
Skilled Nursing Facilities	-0.2	-0.6	-1.1	-1.6	-1.9	-2.2	-2.4	-10.0
Chapter 3 - Other Provisions Related to Part A								
Hemophilia Pass-Through Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hospice	-0.9	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5
Subtotal, Subtitle E	-2.1	-3.9	-6.3	-8.6	-11.5	-13.9	-16.3	-62.9
Subtitle F--Medicare Part B								
Part 1--Payment Reforms								
Reduce payments for physicians' services	-0.4	-0.8	-1.5	-2.3	-2.7	-2.6	-2.2	-12.0
Eliminate formula driven overpayment	-0.9	-1.2	-1.5	-2.0	-2.5	-3.3	-4.5	-15.9
Reduce updates for durable medical equipment	-0.0	-0.2	-0.4	-0.5	-0.7	-0.8	-1.0	-3.8
Reduce updates for clinical labs	-0.0	-0.3	-0.6	-0.8	-1.0	-1.2	-1.4	-5.4
Extend outpatient capital reduction	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.8
Extend outpatient payment reduction	0.0	0.0	0.0	-0.3	-0.3	-0.3	-0.4	-1.3
Freeze payments for ASC services	-0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-1.3
Anesthesia Payment Allocation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limit payments for ambulance services 4/	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.7
Direct payment to PAs and NPs 2/	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3
Payments to primary care MDs in shortage areas 2/	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Part 2--Part B Premium								
Increase Part B premium	-2.9	-4.1	-4.1	-5.1	-7.5	-9.8	-12.4	-45.9
Income-related reduction in Medicare subsidy	0.0	-0.4	-0.9	-1.3	-1.8	-1.9	-2.2	-8.3
Subtotal, Subtitle F	-4.2	-7.8	-9.0	-12.5	-18.7	-20.5	-24.8	-94.8
Subtitle G--Medicare Parts A and B:								
Payment for home health services	0.0	-1.3	-2.3	-2.7	-3.1	-3.6	-4.0	-17.0
Medicare second payer improvements	0.0	0.0	0.0	-1.3	-1.5	-1.7	-1.8	-8.3
Coverage of Oral Breast Cancer Drug	0.1	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Subtotal, Subtitle G	0.1	-1.3	-2.3	-4.0	-4.7	-5.3	-5.9	-23.4

Title Medicare, as reestimated under December 1995 baseline

Dec-96

By fiscal year, in billions of dollars	1996	1997	1998	1999	2000	2001	2002	Total
Subtitle H--Rural Areas:								
Medicare-Dependent Payment Extension	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Critical Access Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Establish REACH Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Classification of Rural Referral Centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Expand Access to Nurse Aide Training 3/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle H	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7
Change in Net Mandatory Medicare Outlays before Fallsafe	-6.4	-13.8	-20.4	-29.6	-38.2	-45.8	-57.8	-215.2
Additional Outlay Reductions Required by Fallsafe, Net of Premiums	0.0	0.0	-2.7	-4.6	-2.6	-1.7	0.0	-11.5
Total, Medicare	-6.4	-13.8	-22.8	-34.2	-41.8	-50.0	-57.8	-226.7

MEMORANDUM: Monthly Part B Premium (By calendar year)

Estimated premium under proposal	\$61.40	\$54.90	\$58.80	\$62.80	\$70.70	\$77.20	\$84.80
Estimated premium under current law	\$42.50	\$45.80	\$50.70	\$52.20	\$53.70	\$55.30	\$58.90

FOOTNOTES:

- 1/ Estimate includes medical savings accounts provision.
- 2/ These items are included in Subtitle H (Rural Areas)
- 3/ CBO estimates that this provision would cost less than \$50 million over seven years.
- 4/ CBO assumes that the freeze on reasonable costs or charges would apply to all ambulance services.

NOTES:

Details may not sum to totals because of rounding.
 The estimates assume an enactment date of November 15, 1995.
 The estimates do not incorporate changes in discretionary spending for administration.
 Estimates reflect minor revisions made subsequent to those shown in the Economic and Budget Outlook.

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 ID:282 226 2028
 HCFA-OLIGA
 PROM/CBO/SAD/HRCEU
 SEP-19-1996 12:35
 DEC-13-96 14:48

President's Proposal Title XI--Health Care, estimated under December 1995 baseline

JIC-08

By fiscal year, in billions of dollars

	1995	1997	1998	1999	2000	2001	2002	Total
Part 3--Provisions Relating to Parts A and B								
11141 Centers of Excellence	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
11142 Maintain Home Health Freeze	Included in total for Home Health below							
11143 Maintain Payments for Home Health	Included in total for Home Health below							
11144 PPS for Home Health	Included in total for Home Health below							
11148 Location of Home Health Services	Included in total for Home Health below							
11148 Elimination of PPS for Home Health	-0.8	-0.6	-0.9	-1.0	-1.0	-1.9	-2.2	9.1
11147 Delete Certain Home Health as Part B/B	0.0	0.0	0.0	-1.2	-1.3	-1.5	-1.7	-0.1
11148 Medicare Secondary Payer	0.0	-0.8	-0.9	-2.2	-2.2	-3.7	-4.0	-0.0
Total, Provisions Relating to Parts A and B	0.0	+0.1	+0.1	-0.2	-0.9	-1.4	-0.4	10.6
Part 4--Part B Premium								
Subtotal, Subtitle A								
	-1.8	-2.9	-4.8	-7.6	-11.7	-16.7	-23.1	-78.5
	-0.1	-0.2	-0.4	-0.8	-1.5	-2.5	-4.4	-19.9
	-2.3	-3.3	-4.4	-7.4	-10.2	-14.2	-17.5	-57.7
Subtitle B--Expanded Medicare Choices								
Subtitle C--Medicaid								
Subtitle D--Preventing Fraud and Abuse								
Part 1--Amendments to Enforcement Authority	0.4	-0.0	-0.3	-0.8	-1.5	-0.1	-0.1	-1.4
Part 2--Resources for Anti-Fraud Activities	Included in total for preventing fraud and abuse above.							
Part 3--Amendments to Criminal Law	Included in total for preventing fraud and abuse above.							
Part 4--Medicare Improvements								
Subpart A--Correction of Benefits								
Subpart B--Contractor Reform								
Subpart C--Provisions Relating to Part B/B								
11461 Fee Schedule	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11462 Surgical Dressings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11463 Competitive Bidding Demos	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11464 Competitive Bidding for Lab Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11465 Change Payment Structure for Certain Lab Tests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Part 4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle D								
	+0.4	-0.0	-0.3	-0.8	-1.5	-0.1	-0.1	-1.4
Subtitle E--Long-Term Care								
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtitle F--Health Insurance Reform (4/17/10)								
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

President's Proposal Title XI--Health Care, estimated under December 1995 baseline

By fiscal year, in billions of dollars: 1998 1997 1996 1995 1994 2000 2001 2002 Total

Subtitle G--Health Insurance for the Temporarily Uninsured

0.0	1.5	2.2	2.3	2.4	2.9	2.9	3.1	14.4
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Subtitle H--Administrative Simplification

0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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Total, Title XI Health Care

0.0	1.5	2.2	2.3	2.4	2.9	2.9	3.1	14.4
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MEMORANDUM: Monthly Part B Premium (by calendar year)

Estimated premium under proposal

\$42.50	\$45.50	\$49.50	\$53.40	\$49.50	\$64.60	\$70.40	\$64.60	\$70.40
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Estimated premium under current law

\$42.50	\$45.50	\$49.50	\$53.40	\$59.50	\$64.60	\$68.70	\$68.30	\$68.60
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MEMORANDUM: Change in Spending by Medicare, Medicaid, and Other

45.50	49.50	53.40	59.50	64.60	70.40	76.90	80.40	87.6
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Total Medicare

-1.2	-3.2	-4.4	-12.4	18.7	-24.4	30.4	-30.0	-97.6
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Total Medicaid

-2.3	-3.4	-6.1	-8.7	-8.3	-7.0	-7.7	-7.7	-37.6
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Total Other

0.0	5.3	5.9	4.1	4.3	4.5	1.8	1.8	22.1
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Total, Title XI

-3.5	-1.3	-5.0	-14.0	-20.7	-25.9	-35.0	-40.3	-107.3
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- FOOTNOTES:**
- 1/ Included in Subtitle B, Medicare Catastrophic
 - 2/ For the discretionary provision, the proposal authorizes \$3.6 billion for 1997 - 1999, \$1.5 billion for 1999 - 2001 and \$500 million for 2002 - 2005.
 - 3/ Proposal would transfer \$2.1 billion to Part B over 7 years
 - 4/ Includes discretionary grant program, but not the expansion of self-employed tax deduction.
 - 5/ Most of these are to be made budget neutral; other provisions not sufficiently specified to estimate savings.
 - 6/ Probably no significant revenue impacts from repeal of excise tax for non-qualified large group plans etc.
 - 7/ Probably no significant revenue impacts from ERISA provisions.
 - 8/ Assumes the insurance reforms are identical to B, 1028--estimated provisions could have countervailing impacts.

NOTE:

Details may not sum to totals because of rounding.
 The estimates assume an enactment date of February 1, 1998.
 The estimates do not incorporate changes in discretionary spending for administration.

\$620

Reestimate of President's Medicare Proposal under April 1996 Baseline

By fiscal year, in billions of dollars

17
#6
'97-02

CHANGE IN DIRECT SPENDING

Subtitle A - Medicare Savings

Part 1--Provisions Relating to Part A

	1996	1997	1998	1999	2000	2001	2002	'97-02
11101 Updates for PPS Hospitals (MB-1.5)	0.0	-0.5	-1.3	-2.4	-3.5	-4.7	-6.0	-18.4
11102 PPS Capital	0.0	-0.9	-1.2	-1.3	-1.4	-1.5	-1.5	-7.7
11103 Indirect Medical Education /1	0.0	-0.8	-1.0	-1.3	-1.5	-1.7	-1.9	-8.2
11104 Medical Education - Resident Freeze /2	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.4	-1.4
11105 Outliers	0.0	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-3.4
11106 Transfers	0.0	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-4.3
11107 Moratorium on LTC Hospital Exclusions	0.0	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.4
11108 Hospitals Excluded from PPS	0.0	-0.1	-0.2	-0.4	-0.5	-0.7	-1.0	-2.9
11109 Non-PPS Capital	0.0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-1.2
11110- 11113 Skilled Nursing Facilities	0.0	-0.5	-0.7	-1.2	-1.4	-1.6	-1.7	-7.0
11114 Prnt of Med Ed & DSH from AAPCCs /3	0.0	0.3	1.7	2.2	2.5	3.0	3.5	13.2
11115 Sole Community Hospitals	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.3
11116 Rural Primary Care Hospitals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
11117 Rural Referral Centers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11118 Telemedicine								
11119 Rural Health Outreach grant								
11120 Medicare dependent small rural hospital payment ex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<i>Total, Provisions Relating to Part A</i>	0.0	-3.7	-4.2	-5.8	-7.5	-9.1	-10.6	-41.0

DISCRETIONARY SPENDING, NOT INCLUDED
DISCRETIONARY SPENDING, NOT INCLUDED

Chapter 2--Provisions Relating to Part B

11121 Physician Payments /4	0.0	-0.3	-0.8	-1.4	-2.2	-2.8	-3.1	-10.7
11122 Practice Expense Relative Values	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.7
11123 Single Fee at Surgery	0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.6
11124 High Cost Hospital Staffs	0.0	0.0	0.0	-0.5	-0.5	-0.6	-0.7	-2.4
11125 ASC Update	0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2	-0.5
11126 DME, Oxygen, P+O	0.0	-0.1	-0.2	-0.3	-0.4	-0.6	-0.7	-2.3
11127 Eliminate FDO /5								0.0
11128 Extend Outpatient Reduction	0.0	0.0	0.0	-0.4	-0.4	-0.4	-0.4	-1.7
11129 PPS for Outpatient	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11130-31 Ann.I Mammogr., waive cost-shar. /6	0.0	0.0	0.5	0.7	0.8	0.8	0.8	3.6
11132 Colorectal Screening /6	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.8
11133 Vaccines	0.0	0.1	-0.1	0.1	0.1	0.1	0.1	0.6
11134 Diabetes /6	0.0	0.0	0.3	0.1	-0.1	-0.1	-0.1	0.3
11135 Respite Benefit	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1
11136 PAs, NPs, CNSs direct reimbursement	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.7
<i>Total, Provisions Relating to Part B</i>	0.0	-0.3	-0.1	-1.7	-2.7	-3.6	-3.2	-11.6

Reestimate of President's Medicare Proposal under April 1996 Baseline

176 J6

By fiscal year, in billions of dollars

	1996	1997	1998	1999	2000	2001	2002	'97-02
Chapter 3--Provisions Relating to Parts A and B								
11141 Centers of Excellence	0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
11142-46 Home Health	0.0	-0.5	-1.1	-1.4	-2.1	-2.8	-3.0	-10.9
11147 Define Certain Home Health as Part B /B								
11148 Medicare Secondary Payer /B	0.0	0.0	0.0	-1.1	-1.4	-1.7	-2.0	-6.2
Total, Provisions Relating to Parts A and B	0.0	-0.6	-1.2	-2.6	-3.6	-4.6	-5.1	-17.4
Chapter 4--Part B Premium								
	0.0	0.1	0.4	0.1	-0.8	-1.9	-3.4	-5.5
Subtotal, Subtitle A	0.0	-4.4	-5.1	-10.0	-14.6	-19.1	-22.3	-75.5
Subtitle B--Expanded Medicare Choice								
11201-07 Expanded Medicare Choice	0.0	-0.8	-2.3	-3.5	-4.8	-6.1	-7.5	-26.0
11208-09 Medigap Reform	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11210 Antitrust Rule of Reason		NOT ESTIMATED						
11211 CLIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11212 Physician Self Referral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Subtotal, Subtitle B	0.0	-0.8	-2.2	-3.5	-4.7	-6.1	-7.5	-24.9
Subtitle D--Preventing Fraud and Abuse								
Recoveries from Payment Safeguards and Law Enforcement	0.5	0.3	-0.2	-0.5	-0.8	-0.9	-1.0	-2.7
New and Increased Civil Monetary Penalties	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4
Additional Exclusion Authorities	0.0	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.2
Criminal Provisions	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Other Items	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
Part 7--Medicare Improvements								
Subpart A--Coordination of Benefits /B								0.0
Subpart B--Contractor Reform								0.0
Subpart C--Provisions Relating to Part B								0.0
11481 Fee Schedules set to be BN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11482 Inherent reason. for Surg. Dressings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subpart D--Provisions Relating to Parts A and B								0.0
Total, Part 7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, Subtitle D	0.5	0.2	-0.3	-0.7	-1.0	-1.1	-1.2	-3.6
Part A Premium Interaction /B	0.0	0.1	0.1	0.2	0.2	0.2	0.3	1.2
Total (without optional policy)	0.5	-5.0	-7.5	-14.0	-20.1	-26.1	-30.7	-102.9

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SEP-19-1996

Reestimate of President's Medicare Proposal under April 1996 Baseline

17-1-96

By fiscal year, in billions of dollars

	1996	1997	1998	1999	2000	2001	2002	'97-02
Optional Policy: Outpatient Hospital Formula-Driven Overpayment (FDO) /10	0.0	-1.2	-1.5	-1.9	-2.3	-2.8	-3.4	-13.1
Total (with optional policy)	0.5	-6.2	-9.0	-15.9	-22.4	-28.9	-34.2	-116.1

MEMORANDA:

Monthly Part B Premium (By calendar year)

Estimated premium under proposal	\$42.50	\$44.00	\$47.50	\$50.40	\$54.20	\$58.20	\$63.60
Estimated premium under current law	\$42.50	\$44.40	\$48.70	\$50.20	\$51.70	\$53.20	\$54.70

FOOTNOTES:

- 1/ Interacted with PPS update (MB-1.5), and with resident freeze in section 11104a.
- 2/ Effect of resident freeze on Direct GME only, effect on IME included in section 11103.
- 3/ Removal of Special Payments Included in Subtitle B, Medicare Choice;
- 4/ Physician policy includes growth rate of GDP+1 percentage point, 1997 single conversion factor of 35.64, and limit on downward adjustments to MEI of 8.25%
- 5/ This is an optional policy whose effects are shown separately below.
- 6/ This provision has an effective date of January 1, 1998.
- 7/ After accounting for changes in policy, Part B outlays would be increased by \$55.1 billion over 7 years; Part A outlays be reduced by \$67.6 billion.
- 8/ All secondary payer estimates consolidated under Section 11148.
- 9/ Reduction in Part A premium revenue due to lower Part A outlays.
- 10/ The net change here includes the effect of the policy on Medicare Choice savings and Part B premium receipts.

NOTES:

Details may not sum to totals because of rounding.
The estimates do not incorporate changes in discretionary spending for administration.

TOTAL P.13

2026908168 P.13

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SEP-19-1996 12:39

OFFICE OF LEGISLATIVE & INTER-GOVERNMENTAL AFFAIRS FAX COVER SHEET

of Pages: Cover + _____

DATE: _____

TO: *Chris Tanning*

Fax: _____

Phone: _____

FROM: *IRA B*

Fax: (202) 690 - 8168

Phone: _____

REMARKS:

*Here's a copy of the comprehensive
Part B premium table*

Part B Premiums under Current Law and Various Proposals

	1995	1996	1997	1998	1999	2000	2001	2002
CBO Baseline March 1995								
Conference Agreement, Nov 1995 (\$270 bil)		53.70	57.00	59.30	64.10	73.10	80.10	88.90
HHS Estimate of CBO Scoring of Admin. Plan Dec. 1995		43.00	47.00	51.00	56.00	63.00	69.00	77.00
CBO Baseline December 1995								
Current Law	46.10	42.50	45.80	50.70	52.20	53.70	55.30	56.90
Administration Plan Dec. 1995 (\$97.5 bil)		42.50	45.50	49.50	53.40	59.50	64.60	70.40
Coalition Plan Dec. 1995 (\$153 bil)		46.10	43.90	47.50	51.00	56.70	61.30	66.30
Conference Agreement Dec. 1995 (\$227 bil)		51.40	54.90	58.60	62.80	70.70	77.20	84.60
Senate Democratic Plan Jan 1996 (\$102 bil)		42.50	45.00	48.70	52.30	58.10	62.30	67.20
House Option Jan 1996 (\$168 bil)		42.50	47.00	51.00	56.00	63.00	69.00	77.00
Administration March 1997 Budget (\$123 bil)		42.50	44.90	48.90	52.20	57.60	62.10	67.50
CBO Baseline April 1996								
Current Law	46.10	42.50	44.40	48.70	50.20	51.70	53.20	54.70
Administration Plan April 1996 (\$116 bil)		42.50	44.00	47.50	50.40	54.20	58.20	63.60
Administration Baseline for FY 96, February 1995								
Current Law	46.10	43.50	47.80	52.50	54.20	55.90	57.60	59.40
Administration Plan (\$124) Dec. 1995		42.50	46.70	50.90	55.30	60.40	65.90	72.30
Administration Baseline for FY 97, February 1996								
Current Law	46.10	42.50	43.90	47.70	49.10	50.50	51.90	53.40

10/18

Note to Chris Jennings, Larry Haas –

Please see attached clipping from Bloomberg News on the expected Medicare premium increase. Looks like Archer is announcing it for us, and I'd certainly prefer to get it out soon, from us, with our characterization. Thoughts?

Melissa Skolfield

In Medicare Premiums Later This Month

-New Fee to be Approx. \$176 Monthly-

Seniors Will Pay \$44, Taxpayers to Pay \$132

Taxpayer Share of Premium up 32% Since 1995

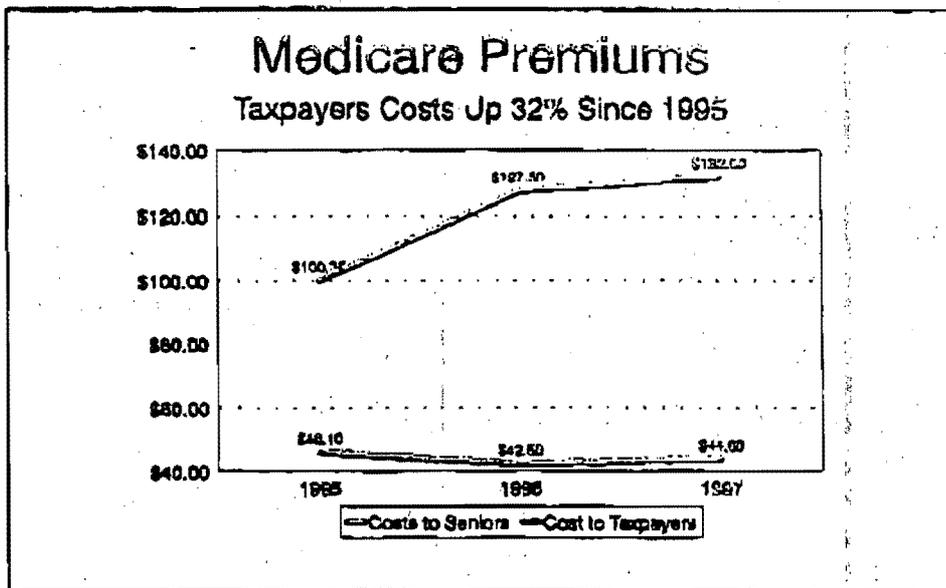
Washington - The Clinton Administration later this month will announce an increase in the Medicare Part B premium paid by seniors and a larger hike in the share of the premium paid for by taxpayers. Bill Archer, Chairman of the Ways and Means Committee said today.

The new premium, effective January 1, 1997, will be approximately \$176 a month, up from today's \$170 total monthly fee. Archer said, basing his estimate on a projection from the Congressional Budget Office. The share that senior citizens will be required to pay will be roughly \$44.00 monthly, up from the current fee of \$42.50. The balance of the premium, \$132, will be paid for by the taxpayers. The *Los Angeles Times* this morning reported that the senior citizens portion of the fee will be \$43.80 in 1997.

In 1995, the total monthly premium was \$146.35, with taxpayers paying \$100.25. As a result of this month's announcement, the taxpayer share of the premium will be increased 32% to \$132. The taxpayer increase will result in higher deficit spending. In 1995, Medicare Part B spending was \$69.6 billion, with \$50.8 billion financed through the deficit.

"The way to save Medicare is to help both our senior citizens and the next generation," Archer said. "We can and we must find a bi-partisan way to do both. But we must be very careful not to take any action that jeopardizes our nation's future by exploding the deficit, making it harder for the next generation to be successful."

In 1995, seniors paid 31.5% of the cost of the total premium and taxpayers, through the deficit, financed the remaining 69.5%. In 1996, the senior citizen share was reduced to 25%, increasing the taxpayer portion to 75%.



Medicare Premiums: Comparison of Proposals by GOP and President

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>TOTAL</u>
Vetoed GOP Budget on March 1995 baseline (CBO 11/16/95, CBO didn't score President on March baseline)	\$46.00	\$53.70	\$57.00	\$59.30	\$64.10	\$73.10	\$80.10	\$88.90	\$5,714.40
President's 7-Year Balanced Budget 12/7/95 (CBO, 12/31/95, December CBO baseline)	\$46.00	\$42.50	\$45.50	\$49.50	\$53.40	\$59.50	\$64.60	\$70.40	\$4,624.80
President's 6-Year Balanced Budget 3/25/96 (CBO, 4/96, March CBO baseline)		\$42.50	\$44.00	\$47.60	\$50.40	\$54.20	\$58.20	\$63.60	

	1996	1997	1998	1999	2000	2001	2002	TOTAL
Monthly Difference from President	\$11.20	\$11.50	\$9.80	\$10.70	\$13.60	\$15.50	\$18.50	
Yearly Difference from President	\$134.40	\$138.00	\$117.60	\$128.40	\$163.20	\$186.00	\$222.00	\$1,089.60
Yearly Difference per couple	\$268.80	\$276.00	\$235.20	\$256.80	\$326.40	\$372.00	\$444.00	\$2,179.20

Medicare Premiums: Increased Premiums Under the GOP Proposal

	<u>1996</u>	<u>1997</u>	<u>TOTAL</u>
Vetoed GOP Budget on March 1995 baseline (CBO 11/16/95, CBO didn't score President on March baseline)	\$53.70	\$57.00	\$110.70
Premium Under Current Law/President's Plan	\$42.50	\$43.80	\$86.30
Monthly Difference from Current Law/President	\$11.20	\$13.20	\$24.40
Yearly Difference from Current Law/President	\$134.40	\$158.40	\$292.80
Yearly Difference per couple	\$268.80	\$316.80	\$585.60

Source: CBO projections of GOP Medicare plan that was vetoed in 1995 and current law projections supplied by the Health Care Financing Administration

Medicare High Income Aka

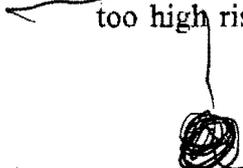
December 23, 1996

At the close of the last meeting, you had settled on \$100 billion over five years for Medicare and \$138 over six years, but you had not given us a final decision on whether or not to include a higher premium on single making over \$90,000 and couples making over \$115,000 -- less than 3% of recipients. As you recall, most of your advisors expected that such a means-tested premium increase would be something we would support in a final agreement. The decision was simply whether it should be something that we open with in our initial budget or something agree to at the negotiating table. Because of the sensitive nature of this memo, this is the only copy. I have tried to lay out the most complete and fair statement of the pros and cons to help you consider your decision.

GESTURE ARGUMENT:

Supporters Feel it Would Be Important Gesture: Rubin, Sperling and others believe that a high income premium increase would send an important signal to opinion leaders, Republicans and moderate Democrats that you are taking a leadership role toward bipartisanship. They feel that a high income premium increase still allows you to say that you are protecting 97% of recipients while at the same time breaking an important barrier by allowing for some premium increase. Rubin feels that this has been a major issue as he has done major editorial board meetings.

Opponents Argue that \$138 Billion is enough of a Gesture: Some of your other advisors including John Hilley ^{Law} have argued that moving to \$138 billion over six years will be enough of a gesture that you do not also need to include a premium increase at this time. They argue that the \$124 billion was a well-known number and that going \$14 billion higher will be noticed. ~~Furthermore~~ Furthermore, some feel that the gesture rationale is overstated and that using a premium increase to attain it has too high risk for unsure benefits.



IMPACT ON DEMOCRATS:

Opponents Argue that It Will Hurt us with Daschle and Base Democrats: While Frank says that Bonior has come out for means-testing, John Hilley checking has found that Daschle feels that key members of the Democratic Caucus will not like a high income premium proposal because Medicare premiums were a bright line issue for Democrats and that we should not do anything at the beginning of the session that might fracture that consensus, especially when we will need their solidarity later.

Supporters State that High Income Premium Increase Will Show Help Keep Support of Blue Dogs and Moderate (Breux-Chafee) Democrats. The moderate budgets -- Breux-Chafee and Coalition budgets -- have heavy means-testing in their proposals and, while we will not be anywhere near their level of means-testing, we would do much to show them our seriousness to them having at least a small high income premium increase. Those who are for it, argue that once the President comes out for premium increases on upper-income individuals, average Democratic members will be hard-pressed to object.

CATASTROPHIC-CARE REDUX REACTION?

Opponents Fear Catastrophic-Care Reaction: Opponents, including Leon, argue that these premium increases hit a much of the higher income seniors who led the catastrophic revolt several years ago. Even though our HSA income premium increase hits only 3%, this could still mobilize a back-lash by those who are among the most powerful and organized of the seniors.

Supporters Feel that Not Analogous: Proponents argue that our proposal only affects the top 3% -- much less than affected by catastrophic; that we still leave in a subsidy even for the well-off, and that there has been no sign of major opposition to this so far even when Republicans had far higher means-testing proposals.

BEST STRATEGY FOR NEGOTIATIONS:

Opponents State that We Should Save to Give Away at the Table: Opponents argue that we need to save as many of our chips as possible so that we have as much to give away as possible at the table. Breaking the premium barrier in our opening bid, gives away a significant chip before we have even made it to the table.

Supporters Feel that Helps: Supporters acknowledge that we are giving up a something pre-negotiations, but feel that it helps create an environment that gets the President to the table with moderate support, while leaving much to negotiate on because the HSA premium increase is so small.

ARRP
MUR
Opposed
then
for of
Rep. plan

LEAD TO FLIP-FLOP ACCUSATIONS?

Supporters argue that we will be criticized no matter what we do, and that a small high income premium increase buys you the most good-will and that we can defend against a flip-flop argument by stressing that it is only on the top 3%, that a high income premium increase was in the HSA and Putting People First, and that we always said that we were not philosophically opposed to it.

Opponents argue that we will be instantly hit for "flip-flop" -- with Republicans saying that we have right away admitted that we did need premium increases all along. Furthermore, some contend that by stressing that we are only raising premiums on the top 3% or couples making over \$115,000, we will lock ourselves into a "class-warfare argument that may make it difficult to agree to more of a premium increase as part of a deal.

HELPS WITH HOME HEALTH CARE TRANSFER:

Supporters State that Helps with Home Health Transfer: Advocates of the high income premium increase also feel that we can better justify not applying the premium to the home health transfer if we can say that we are concerned about the impact on low-income recipients, but that we are partly compensating by having a high income premium increase. Shalala feels it gives her more to point to when fending off Congressional criticisms. *cf. language*

Opponents Feel that This is a Stretch: Opponents feel that it will be too complicated to explain to people that we are transferring a portion of Medicare to Part B, not applying premiums generally but trying to partially compensate for that omission by raising premiums on one small group of high income people.

no more stretch here

10A

The Sun : Wednesday, October 2, 1996

Medi-scare

■ **Demagoguing Democrats:** *Crushing Republicans on an issue that will later haunt them.*

DEMOCRATS may be well on their way to winning this election, but history will give them bad marks for their demagoguing on Medicare. That costly entitlement program is heading toward insolvency even before newly elected senators complete their six-year terms. It is a tawdry business, one deserving the "Medi-scare" label applied by the bipartisan Concord Coalition on the page opposite.

Of course, Republicans share the blame. Though professing the need for a balanced budget, they have proposed big tax cuts that Democrats insist will be paid for out of the hides of Medicare recipients. Had the Republican-controlled Congress focused on Medicare alone, without the tax distraction, some real progress might have been made.

Now President Clinton faces a predicament. Having riled up the old folks about a government benefit they treasure as much as Social Security, he may find it difficult to slow down the runaway costs of Medicare if he gets a lame-duck second term.

In a Sunday debate, it wasn't enough for Senate minority leader Tom Daschle to repeat his mantra that proposed GOP Medicare cuts

were to be used to finance tax cuts for the rich.

He warned senior citizens that they were "going to be limited in their choice of doctors." Shocking. Shocking to think that if they opted — voluntarily — for managed care they would face the same restrictions as working-age citizens enrolled in such programs. He lamented that under the GOP proposal seniors might not get the "the same kind of health services in the future" that they get now. Shocking. Shocking to think that revolutionary changes in health care delivery might reach all age groups.

Yet, Medicare fund trustees have warned of insolvency by the year 2001 unless the 10 percent annual growth rate in Medicare is curtailed. Otherwise the \$548 billion cost for fiscal 1996 will grow to \$720 billion in 2000.

The next president, be he Bill Clinton or Bob Dole, will have to do something. The GOP Congress dared to propose that the growth rate be pared to 7 percent a year — an idea utterly rational in economic terms. But the president and his allies could not resist the opening provided by their tax-cut obsessed opponents.

Perhaps the only solution is to set up a bipartisan commission whose recommendations will have to be voted up or down by the next Congress. This is the only way the legislative branch can deal with military base closings. More and more, it may be the only way to get anything done on the tough issues in Washington.

48

MEDICARE

For Today and Tomorrow

Medicare is in Serious Financial Trouble

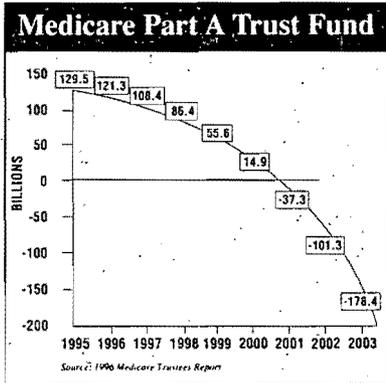
In 1965, Medicare was a wonderful idea. It still is.

Now, let's make it better for tomorrow.

It guarantees quality health care to people like you. And that's something that should never change.

But, as the Medicare Trustees tell us, the system is in serious financial trouble. The cost of Medicare has been rising 10 percent a year for the past 20 years. Seniors spend 21 percent of their income for uncovered Medicare costs. Today, Medicare will spend \$25 million more on hospital payments than it takes in. In less than five years, the hospital trust fund will be bankrupt.

It's time to tell the truth about Medicare. The numbers are shocking. Congressional Budget Office data show that Medicare pays \$117,000 more for the average two-income retired couple in their lifetime than they paid in. And according to the American Association for Retired Persons (AARP) this couple will still have out-of-pocket expenses of \$4,000 a year by the year 2000.



The Goal? Preserve, Protect & Strengthen Medicare

We can't allow Medicare to go broke.

For years Congress has failed to address the serious problems facing Medicare. The result: spending keeps on growing — at three times the rate of inflation. But seniors must be able to rely

on Medicare now. And their children and grandchildren should be able to count on it, too.

Medicare has remained virtually unchanged for 30 years, locking beneficiaries into ever higher costs and limited benefits. We can do more than save Medicare from bankruptcy. We can protect it and strengthen it for the senior of today and tomorrow.

Support Congressional Reform

For over a year, Congress held dozens of hearings to listen to experts and beneficiaries discuss solutions to Medicare's problems. Countless Americans called and wrote to their elected representatives to tell them what steps to take to preserve Medicare for people who need it and to assure beneficiaries that they'll get the highest quality of care.

While Medicare works well for many beneficiaries, no one likes the paperwork and everyone would like a more user-friendly system! And everyone wants the waste, fraud and abuse stopped. Many Americans want more options — options that will provide more benefits and lower out-of-pocket costs.

We can fix Medicare. In fact, we can save money and give people more and better choices.

The Medicare Preservation Act — A Plan to Save & Improve Medicare

The longer we wait to fix Medicare, the worse it will get. Ignoring the situation will only mean the solution will be more difficult.

In its present form, Medicare cannot be saved without either unacceptable burdens on beneficiaries or unacceptable tax increases. In fact the Medicare trustees — a bipartisan group that includes three Clinton cabinet members and the Commissioner of Social Security — have said that payroll taxes would have to go up immediately by 63 percent to prevent bankruptcy or slash benefits by the same amount!

There has to be a better way to save Medicare. The Medicare Preservation Act would do just that. It will give seniors more choices, attack fraud and abuse, and enact meaningful malpractice reform.

Seniors Can Only Do Better Under Congress' Plan

Under Congress' Medicare Preservation Act, the only change is a positive one: you will have more choices. This means you can choose a health plan that provides a better deal than the regular Medicare program. No one can be dropped from Medicare, and senior citizens will still be guaranteed the same benefits they have today. Those who want to stay with what they have will be able to stick with the traditional Medicare program that they are used to.

The Medicare Preservation Act: Three Keys to Saving the Improving the System

#1 MedicarePlus: More Choices for Seniors

Medicare beneficiaries should have the same choices as other Americans — the right to choose the health care plan that's best for them. That's what MedicarePlus does. Those who have traditional Medicare should be able to keep it. But other options should be available.

#2 Attack Fraud and Abuse

Private health care companies don't tolerate fraud and abuse; why should Medicare? Here's what can help save money:

- Stiffer penalties for fraud and abuse
- Rewards to root out double-billing and overcharging
- A fraud hotline

#3 2003 Payroll Medicare Administrative Savings

We need meaningful medical malpractice reform to discourage frivolous lawsuits while protecting patients.

THE MEDICARE PRESERVATION ACT

Simpler Medicare...More Choices

Stay in Traditional Medicare or Choose a MedicarePlus Option

The Medicare Preservation Act will allow every senior to stay in traditional Medicare or choose one of the options in the MedicarePlus program:

Traditional Medicare This option continues the Medicare you have now.

Medicare HMO Under this plan, you can choose any approved doctor or hospital from within the managed care network. You may be eligible for expanded benefits, such as prescription drugs, preventive services and vision care. This could lower your out-of-pocket costs.

Coordinated Care This plan would give seniors a variety of new coordinated care options, including health plans that allow seniors to receive care from outside providers and local doctor-hospital networks. These choices could also provide better benefits and lower costs than traditional Medicare.

Medisave (MSA) Under this plan, you would have a high-deductible insurance policy and a bank account in which the government would deposit funds that you could withdraw to pay for your routine medical expenses. Costly health expenses, such as extended hospitalization, would still be covered under your high deductible health plans with no copayments. You might pocket some savings from your Medisave account at the end of the year.

Private Fee-for-Service The private fee-for-service plan would give seniors the freedom to visit the doctor or hospital of their choice, like traditional Medicare, but in many cases with lower out-of-pocket costs. This plan would work like the current Medicare program but would not be run by the government. It would be offered by a private insurer that would seek to require less paperwork and provide better service than the government-offered alternative.

The Medicare Preservation Act gives American consumers new choices. Here is what it would mean for you...

Stick with the system - You could choose traditional Medicare, but would have other options.

Choose the best plan - You would have the right to choose a health plan that best suits your needs - just like working Americans!

Change plans if you want - You would have the right to change health plans, every year.

Or, Don't do a thing - And, if you don't do anything, you'll automatically be enrolled in traditional Medicare.

How Would It Work?

Sam's Story: Sticking with a system that works



Sam is 64 years old. He gets health insurance from his professional association. It's a traditional fee-for-service plan, and he pays coinsurance every time he visits his doctor. He likes his coverage and doesn't want to give it up when he turns 65.

What are Sam's options?

- If he does nothing, he will automatically be enrolled in traditional Medicare.
- Depending on his insurer, Sam may be able to keep his current form of health care. If so, the government would pay Sam's Medicare to his insurer.
- Sam can choose a completely different health plan. Under MedicarePlus, he can join an HMO, PPO, or private fee-for-service plan, or open up a Medisave Account.

Sarah's Story: Watching her health



Sarah is 68 years old and on traditional Medicare. She swims several times a week, visits her doctor once or twice a year, has never been hospitalized, and uses very little medication. She pays a portion of the cost for each doctor visit and full price for medication.

What are Sarah's options?

- Sarah can stay in traditional Medicare.
- Sarah can choose a Medicare HMO or coordinated care plan that reduces the cost of a doctor's visit if she sees a doctor on the plan's approved list. She also may get a discount on drug prices.
- Sarah can choose a higher deductible and, in return, Medicare will deposit funds in a Medisave account in her name. She will use these funds to pay to visit the doctor of her choice and to pay for prescriptions. Because she needs little medical care, she will be able to withdraw some of the funds left over in her account at the end of the year.

Paula's Story: Many options, complete coverage



Paula is 70 years old and on Medicare. She visits her doctor once a month and spent several days in the hospital last year undergoing tests. She takes medication regularly for high blood pressure.

What are Paula's options?

- Paula can stay in traditional Medicare.
- Paula can choose to join a Medicare HMO or a coordinated care plan. If she visits one of her plan's doctors, she would pay a lower fee for each visit. Her prescriptions would cost less if obtained from an approved pharmacy. She doesn't have to pay a deductible when she's admitted to the hospital.
- Paula could choose a higher-deductible plan with a Medisave account. She could use her Medisave funds to meet the deductible and to pay for prescription drugs. Once she meets that deductible, her high deductible plan would cover her major doctor and hospital costs.

MEDICARE PLUS

Means Patient Choice and Satisfaction

Some Seniors Have Freedom of Choice Today in Medicare

The Medicare Preservation Act would expand the choices available to seniors, mirroring those available to employees of large businesses and members of Congress. Beneficiaries would be free to switch plans each year.

Some seniors today have the right to choose a Medicare HMO, which often provides better benefits and requires fewer out-of-pocket costs, making Medigap coverage unnecessary.

About one out of every ten Medicare beneficiaries is already enrolled in Medicare HMOs. Many beneficiaries, however, do not have this option available to them. Eighty percent of beneficiaries in HMO plans live in ten counties in the entire country. In 1994, only 4 percent of beneficiaries enrolled in Medicare HMOs decided to return to traditional Medicare.

Here's what some Medicare beneficiaries say about their positive experiences in Medicare HMOs:

- General Fred Flo, Mission Viejo, California, has had quadruple by-pass surgery, prostate surgery, and ankle fusion — all through his managed care plan. He considers himself a "poor man's bionic man."



- Charlotte Stone of the Bronx had a dangerous heart problem diagnosed on her first visit to her managed care physician, whom she credits with "saving her life."

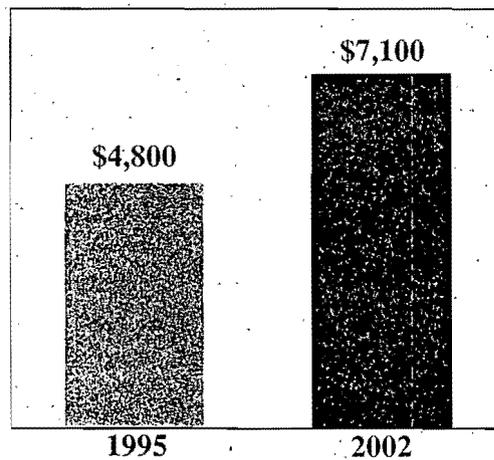


- Faye Joyce, of New York, says her HMO stresses preventive services, and gives her bedridden husband "wonderful care." "It feels like I have a cocoon that embraces me," she said.



Under Medicare reform, spending will increase from \$4,800 to \$7,100 per-person by 2002, \$2,300 per senior.

Medicare Preservation Act Spending per Beneficiary



The \$17 Billion Problem

Medicare fraud and abuse cost Medicare over \$17 billion annually. Attacking fraud and abuse as well as weeding out waste, which costs Medicare billions more, can help restore Medicare to fiscal health.

Example

A Georgia chiropractor instructed his 14-year-old daughter to take and read X-rays, and bill Medicare for the work. The office submitted as many as 180 in a single day as part of a \$4.5 million conspiracy to defraud Medicare and other entities. The chiropractor and his wife kicked back one-third of every claim payment to patients whether or not they had been treated; one family took more than \$30,000.

(Reader's Digest, Sept. 1995)

It's Easy!

Once a year, you'll get a form from the Medicare program detailing the options available in your area. If you do nothing, you'll automatically be enrolled in traditional Medicare. Or, you can select another option and send in the form. Whatever plan you choose will be directly paid for by Medicare.

If you don't like the health plan you're in, you'll have time to switch to any other plan you like. And, every year, you can change plans to find the one that's best for you.

DON'T BE SCARED by "MEDISCARE"

Some politicians and special interest groups have tried to minimize Medicare's problems and frighten senior citizens about Congress' reform plan.

Here are some myths and the facts:

Myth: The Medicare Preservation Act would cut spending.

Reality: Medicare spending would continue to increase, from \$4,800 for each beneficiary to \$7,100 in the year 2002.

Myth: The Medicare Preservation Act would force senior citizens into HMOs.

Reality: Whether senior citizens join HMOs, start a Medical Savings Account or choose some other type of Medicare plan, they will do so voluntarily. Seniors will also have the right to stay with the same Medicare program they are now used to.

Myth: The Medicare Preservation Act would take money out of Medicare to pay for tax cuts.

Reality: Medicare needs reform, whether or not taxes are cut. If nothing is done, it will run out of money. The Medicare Preservation Act requires that all savings achieved due to reform must be put back into Medicare.

Myth: Under the Medicare Preservation Act seniors' benefits would be cut.

Reality: No benefits are cut. In fact, Congress' plan would give seniors the chance to join health plans that provide more benefits than Medicare does now, like prescription drugs. Many new plans will require no deductible payments and will eliminate the need for costly Medigap insurance.

We Need Help from Washington

This year American seniors won't be able to take advantage of a better Medicare system. Although Republicans and Democrats voted to support the Medicare Preservation Act, the President vetoed the plan.

Saving Medicare can't wait. We need a better — and healthy — Medicare.

COALITION TO SAVE MEDICARE

• Healthcare Leadership Council, Chair • U.S. Chamber of Commerce, Chair •

1800 Massachusetts Ave., N.W., Suite 401, Washington, D.C. 20036

The Coalition to Save Medicare works for reform in the Medicare system that will guarantee solvency and give more seniors the same cost-effective, high-quality options enjoyed by other Americans. The Coalition represents over 20 million consumers, employers, farmers, seniors, taxpayers and health plans.

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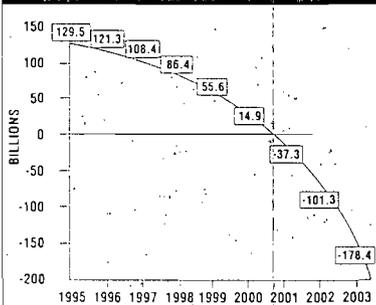
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Medicare Part A Trust Fund



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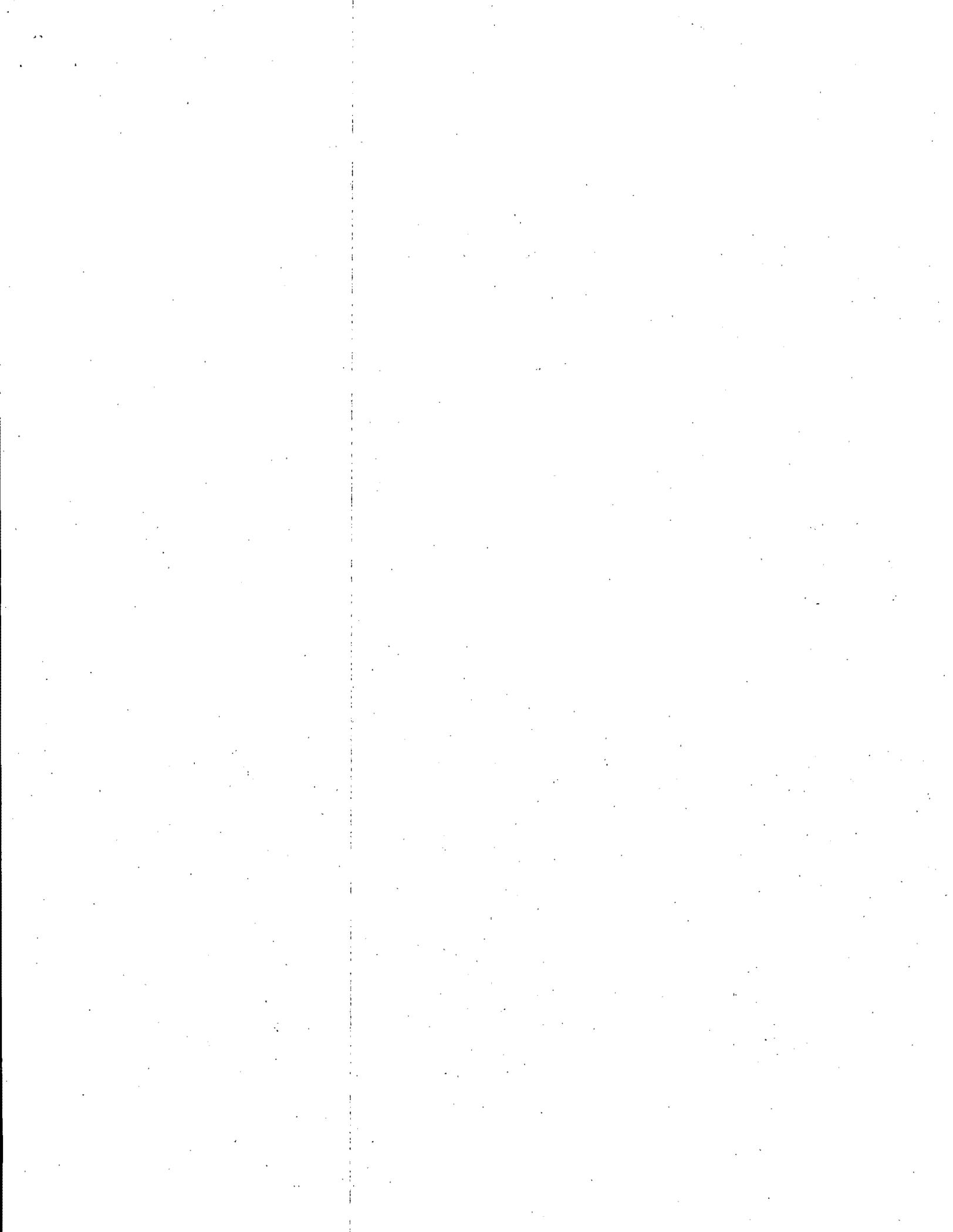
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- Sarah can stay in traditional Medicare.
- Sarah can choose a Medicare HMO or coordinated care plan that reduces the cost of a doctor's visit if she sees a doctor on the plan's approved list. She also may get a discount on drug prices.
- Sarah can choose a higher deductible and, in return, Medicare will deposit funds in a Medisave account in her name. She will use these funds to pay to visit the doctor of her choice and to pay for prescriptions. Because she needs little medical care, she will be able to withdraw some of the funds left over in her account at the end of the year.

Paula's Story: Many options, complete coverage



Paula is 70 years old and on Medicare. She visits her doctor once a month and spent several days in the hospital last year undergoing tests. She takes medication regularly for high blood pressure.

What are Paula's options?

- Paula can stay in traditional Medicare.
- Paula can choose to join a Medicare HMO or a coordinated care plan. If she visits one of her plan's doctors, she would pay a lower fee for each visit. Her prescriptions would cost less if obtained from an approved pharmacy. She doesn't have to pay a deductible when she's admitted to the hospital.
- Paula could choose a higher-deductible plan with a Medisave account. She could use her Medisave funds to meet the deductible and to pay for prescription drugs. Once she meets that deductible, her high deductible plan would cover her major doctor and hospital costs.

MEDICARE PLUS

Means Patient Choice and Satisfaction

Some Seniors Have Freedom of Choice Today in Medicare

The Medicare Preservation Act would expand the choices available to seniors, mirroring those available to employees of large businesses and members of Congress. Beneficiaries would be free to switch plans each year.

Some seniors today have the right to choose a Medicare HMO, which often provides better benefits and requires fewer out-of-pocket costs, making Medigap coverage unnecessary.

About one out of every ten Medicare beneficiaries is already enrolled in Medicare HMOs. Many beneficiaries, however, do not have this option available to them. Eighty percent of beneficiaries in HMO plans live in ten counties in the entire country. In 1994, only 4 percent of beneficiaries enrolled in Medicare HMOs decided to return to traditional Medicare.

Here's what some Medicare beneficiaries say about their positive experiences in Medicare HMOs:

- General Fred Flo, Mission Viejo, California, has had quadruple by-pass surgery, prostate surgery, and ankle fusion — all through his managed care plan. He considers himself a "poor man's bionic man."



- Charlotte Stone of the Bronx had a dangerous heart problem diagnosed on her first visit to her managed care physician, whom she credits with "saving her life."

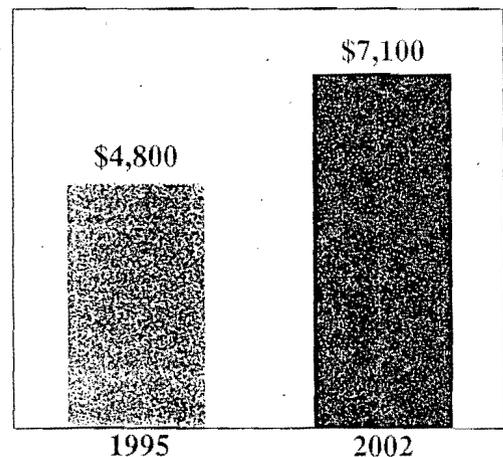


- Faye Joyce, of New York, says her HMO stresses preventive services, and gives her bedridden husband "wonderful care." "It feels like I have a cocoon that embraces me," she said.



Under Medicare reform, spending will increase from \$4,800 to \$7,100 per person by 2002. \$2,300 per senior.

Medicare Preservation Act Spending per Beneficiary



The \$17 Billion Problem

Medicare fraud and abuse cost Medicare over \$17 billion annually. Attacking fraud and abuse as well as weeding out waste, which costs Medicare billions more, can help restore Medicare to fiscal health.

Example

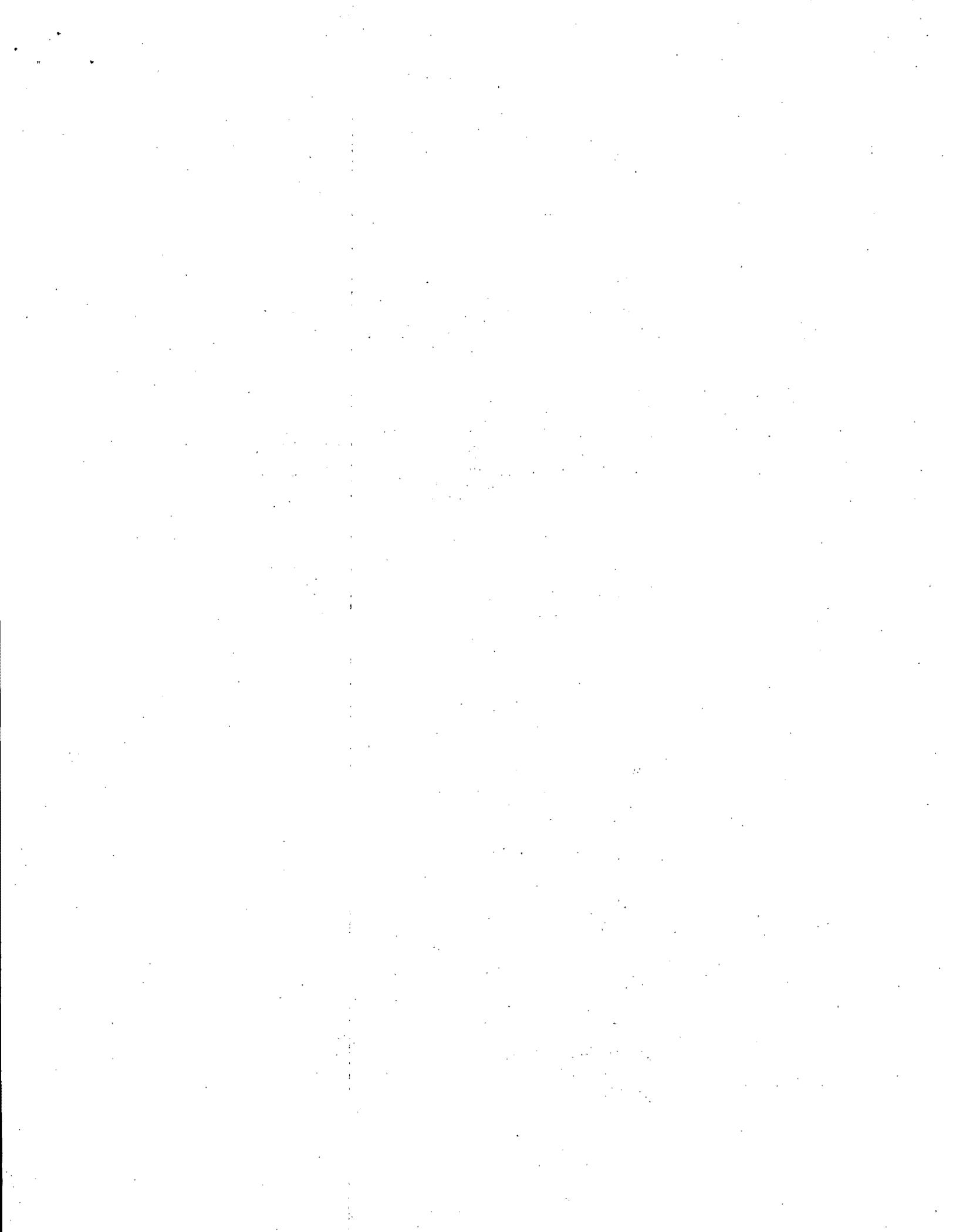
A Georgia chiropractor instructed his 14 year old daughter to take and read X-rays, and bill Medicare for the work. The office submitted as many as 180 in a single day as part of a \$4.5 million conspiracy to defraud Medicare and other entities. The chiropractor and his wife kicked back one-third of every claim payment to patients whether or not they had been treated; one family took more than \$30,000.

(Reader's Digest, Sept. 1995)

It's Easy!

Once a year, you'll get a form from the Medicare program detailing the options available in your area. If you do nothing, you'll automatically be enrolled in traditional Medicare. Or, you can select another option and send in the form. Whatever plan you choose will be directly paid for by Medicare.

If you don't like the health plan you're in, you'll have time to switch to any other plan you like. And, every year, you can change plans to find the one that's best for you.



DON'T BE SCARED by "MEDISCARE"

Some politicians and special interest groups have tried to minimize Medicare's problems and frighten senior citizens about Congress' reform plan.

Here are some myths and the facts:

Myth: The Medicare Preservation Act would cut spending.

Reality: Medicare spending would continue to increase, from \$4,800 for each beneficiary to \$7,100 in the year 2002.

Myth: The Medicare Preservation Act would force senior citizens into HMOs.

Reality: Whether senior citizens join HMOs, start a Medical Savings Account or choose some other type of Medicare plan, they will do so voluntarily. Seniors will also have the right to stay with the same Medicare program they are now used to.

Myth: The Medicare Preservation Act would take money out of Medicare to pay for tax cuts.

Reality: Medicare needs reform, whether or not taxes are cut. If nothing is done, it will run out of money. The Medicare Preservation Act requires that all savings achieved due to reform must be put back into Medicare.

Myth: Under the Medicare Preservation Act seniors' benefits would be cut.

Reality: No benefits are cut. In fact, Congress' plan would give seniors the chance to join health plans that provide more benefits than Medicare does now, like prescription drugs. Many new plans will require no deductible payments and will eliminate the need for costly Medigap insurance.

We Need Help from Washington

This year, American seniors won't be able to take advantage of a better Medicare system. Although Republicans and Democrats voted to support the Medicare Preservation Act, the President vetoed the plan.

Saving Medicare can't wait. We need a better — and healthy — Medicare.

COALITION TO SAVE MEDICARE

• Healthcare Leadership Council, Chair • U.S. Chamber of Commerce, Chair •

1800 Massachusetts Ave., N.W., Suite 401, Washington, D.C. 20036 •

The Coalition to Save Medicare works for reform in the Medicare system that will guarantee solvency and give more seniors the same cost-effective, high-quality options enjoyed by other Americans. The Coalition represents over 20 million consumers, employers, farmers, seniors, taxpayers and health plans.