



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas Holtz-Eakin, Director

November 20, 2003

Honorable William “Bill” M. Thomas
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has estimated the effects on direct spending and revenues of the conference agreement on H.R. 1, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. CBO estimates that enacting this legislation would result in direct spending outlays totaling \$395 billion over the 2004-2013 period. It would also lead to an increase in federal revenues totaling \$0.5 billion over that 10-year period. The enclosed tables provide additional detail on these estimates.

CBO has not had an opportunity to review the final legislative language, and this estimate could change upon completion of that review. Also, the estimate does not include the act’s potential effects on discretionary spending.

If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contact is Tom Bradley, who can be reached at 226-9010.

Sincerely,

Douglas Holtz-Eakin

Enclosure [*The PDF version of this estimate includes the detailed tables on CBO’s estimates mentioned in this letter.*]

cc: Honorable Charles B. Rangel
Ranking Member

Identical letters sent to Honorable Jim Nussle, Honorable Don Nickles, Honorable Charles E. Grassley, and Honorable W.J. “Billy” Tauzin.

CBO Estimate of Effect on Direct Spending and Revenues of Conference Agreement on H.R. 1

| | By Fiscal Year, in Billions of Dollars | | | | | | | | | | | |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004- 2008 | 2004- 2013 |
| CHANGES IN DIRECT SPENDING (Outlays) | | | | | | | | | | | | |
| Prescription Drug Benefit (Title I) | 0.3 | 0.8 | 25.7 | 39.0 | 44.6 | 48.7 | 53.7 | 58.6 | 65.3 | 73.1 | 110.4 | 409.8 |
| Medicare Advantage (Title II) | 0.5 | 0.8 | 0.4 | 1.7 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 | 1.8 | 5.2 | 14.2 |
| Fee-for-Service Provisions (Titles III-VII) | 1.8 | 2.5 | 0.6 | -1.0 | -2.4 | -3.3 | -4.1 | -4.8 | -5.3 | -5.5 | 1.4 | -21.5 |
| Cost Containment (Title VIII) | 0 | * | * | -0.2 | -0.5 | -0.9 | -1.8 | -2.7 | -3.1 | -3.9 | -0.8 | -13.3 |
| Administrative Improvements (Title IX) | * | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.5 |
| Medicaid and Other Provisions (Title X) | 1.2 | 1.8 | 0.8 | 0.7 | 0.5 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 5.1 | 5.7 |
| Access to Affordable Pharmaceuticals (Title XI) | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.1</u> | <u>-0.6</u> |
| Total, Direct Spending Changes | 3.8 | 6.0 | 27.5 | 40.2 | 44.0 | 46.5 | 49.8 | 53.0 | 58.7 | 65.5 | 121.4 | 394.8 |
| CHANGES IN REVENUES | | | | | | | | | | | | |
| Titles I and XI | * | * | 0.4 | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 | 1.2 | 1.3 | 1.9 | 7.2 |
| Health Savings Incentives (Title XII) ^a | <u>-0.2</u> | <u>-0.5</u> | <u>-0.6</u> | <u>-0.6</u> | <u>-0.7</u> | <u>-0.7</u> | <u>-0.8</u> | <u>-0.8</u> | <u>-0.9</u> | <u>-0.9</u> | <u>-2.5</u> | <u>-6.7</u> |
| Total, Revenue Changes | -0.2 | -0.5 | -0.1 | * | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.4 | -0.7 | 0.5 |
| NET BUDGET IMPACT | | | | | | | | | | | | |
| Net Increase in Deficits or Decrease in Surpluses | 4.0 | 6.5 | 27.6 | 40.2 | 43.9 | 46.4 | 49.6 | 52.8 | 58.4 | 65.1 | 122.1 | 394.3 |

NOTES: Estimates are preliminary and are subject to further review of the legislative language.

* = costs or savings of less than \$50 million.

a. Estimate provided by the Joint Committee on Taxation.

CBO Estimate of Effect on Direct Spending and Revenues of Conference Agreement on H.R. 1: Detail*by fiscal year, in billions of dollars*

| | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004- 2008 | 2004- 2013 |
|---|----|------|------|------|------|------|------|------|------|------|------|---------------|---------------|
| Changes in Direct Spending | | | | | | | | | | | | | |
| Title I: Medicare Prescription Drug Benefit | /a | 0.3 | 0.8 | 25.7 | 39.0 | 44.6 | 48.7 | 53.7 | 58.6 | 65.3 | 73.1 | 110.4 | 409.8 |
| Title II: Medicare Advantage | | | | | | | | | | | | | |
| 201-223 Medicare Advantage | | 0.5 | 0.8 | 0.3 | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.9 | 2.0 | 5.0 | 14.1 |
| 231-238 Additional reforms | | * | * | 0.1 | 0.1 | * | * | * | * | * | * | 0.2 | 0.4 |
| 241 Application of Comparative Cost Adjustment | | 0 | 0 | 0 | 0 | 0 | 0 | * | * | -0.1 | -0.2 | 0 | -0.3 |
| Subtotal, Title II | | 0.5 | 0.8 | 0.4 | 1.7 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 | 1.8 | 5.2 | 14.2 |
| Title III: Combating Waste, Fraud, and Abuse | | | | | | | | | | | | | |
| 301 Medicare secondary payer provisions | | -0.4 | -0.6 | -0.8 | -0.8 | -0.9 | -0.9 | -1.0 | -1.1 | -1.2 | -1.3 | -3.4 | -8.9 |
| 302 Payment for durable medical equipment | | * | -0.4 | -0.6 | -0.7 | -0.7 | -0.7 | -0.9 | -0.9 | -0.9 | -1.0 | -2.4 | -6.8 |
| 303 Competitive acquisition of covered outpatient drugs | | 0.1 | -0.1 | -0.2 | -0.3 | -0.3 | -0.4 | -0.5 | -0.6 | -0.8 | -0.9 | -0.9 | -4.2 |
| 304 Application to certain specialties | | -0.1 | -0.5 | -0.4 | -0.5 | -0.6 | -0.7 | -0.9 | -1.0 | -1.2 | -1.4 | -2.2 | -7.3 |
| 305 Payment for inhalation drugs | | -0.1 | -0.2 | -0.3 | -0.3 | -0.4 | -0.4 | -0.5 | -0.6 | -0.7 | -0.8 | -1.3 | -4.2 |
| 306 Demonstration for recovery audit contractors | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 307 Background checks | | 0 | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| Subtotal, Title III | | -0.6 | -1.7 | -2.3 | -2.6 | -2.9 | -3.2 | -3.7 | -4.2 | -4.7 | -5.3 | -10.1 | -31.3 |

CBO Estimate of Effect on Direct Spending and Revenues of Conference Agreement on H.R. 1: Detail

by fiscal year, in billions of dollars

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004- 2008 | 2004- 2013 |
|---|------|------|------|------|------|------|------|------|------|------|---------------|---------------|
| Title IV: Rural Provisions | | | | | | | | | | | | |
| <u>Subtitle A: Part A</u> | | | | | | | | | | | | |
| 401 Equalize standardized amount | 0.3 | 0.6 | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 | 0.9 | 1.0 | 1.1 | 3.0 | 7.6 |
| 402 Disproportionate share adjustment | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 1.1 | 2.7 |
| 403 Adjust wage index for labor share | * | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | 1.9 | 5.2 |
| 404 More frequent MB weight updates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 405 Critical access hospital Provisions | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.9 |
| 406 Inpatient adjustment for low-volume hospitals | 0 | * | * | * | * | * | * | * | * | * | * | 0.1 |
| 407 SCH: missing cost reports | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.1 |
| 408 Hospice: Authorization of nurse practitioners | * | * | * | * | * | * | * | * | * | * | * | 0.1 |
| 409 Rural hospice demonstration | * | * | * | * | * | * | * | * | * | * | * | * |
| 410 Exclude certain FQHCs from SNF PPS | 0 | * | * | * | * | * | * | * | * | * | * | 0.1 |
| 410A Rural community hospital demonstration program | 0 | * | * | * | * | * | 0 | 0 | 0 | 0 | * | * |
| <u>Subtitle B: Part B</u> | | | | | | | | | | | | |
| 411 HOPD PPS: Two year extension of hold harmless | 0.1 | 0.2 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.3 | 0.3 |
| 412 Work GPCI floor for physicians | 0.2 | 0.3 | 0.3 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 1.0 | 1.0 |
| 413 Physician: incentive payments | 0 | 0.2 | 0.2 | 0.2 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0.7 | 0.7 |
| 414 Payment for ambulance services | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | * | * | * | * | 0.5 | 0.6 |
| 415 Rural air ambulance | 0 | * | * | * | * | * | * | * | * | * | * | 0.1 |
| 416 Rural HOPD lab policy | * | 0.1 | 0.1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0.2 | 0.2 |
| 417 Telemedicine demo extension | * | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 418 Report on SNF as telehealth sites | 0 | 0 | * | * | * | * | * | * | * | * | * | 0.1 |
| <u>Subtitle C: Parts A & B</u> | | | | | | | | | | | | |
| 421 HH: 1 Year reinstatement of rural update | * | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 |
| 422 Redistribution of unused resident positions | 0 | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.6 |
| <u>Subtitle D: Other Provisions</u> | | | | | | | | | | | | |
| 431 FQHC: Safe harbor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 432 Office of Rural Health Policy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 433 MedPAC study on rural payment adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 434 Frontier extended stay clinic demonstration project | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.2 |
| Subtotal, Title IV | 0.8 | 2.2 | 2.3 | 2.1 | 1.9 | 1.9 | 2.0 | 2.1 | 2.2 | 2.4 | 9.3 | 19.9 |

CBO Estimate of Effect on Direct Spending and Revenues of Conference Agreement on H.R. 1: Detail*by fiscal year, in billions of dollars*

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004- 2008 | 2004- 2013 |
|--|------|------|------|------|------|------|------|------|------|------|---------------|---------------|
| Title V: Provisions relating to Part A | | | | | | | | | | | | |
| <u>Subtitle A: Inpatient Hospital Services</u> | | | | | | | | | | | | |
| 501 Acute care hospital updates | 0 | -0.1 | -0.1 | * | * | 0 | 0 | 0 | 0 | 0 | -0.2 | -0.2 |
| 502 Indirect Medical Education | 0.2 | 0.3 | 0.1 | -0.1 | * | 0 | 0 | 0 | 0 | 0 | 0.4 | 0.4 |
| 503 New technologies under PPS | 0 | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 |
| 504 Puerto Rico federal rates | * | * | * | * | * | * | * | 0.1 | 0.1 | 0.1 | 0.2 | 0.4 |
| 505 Wage index adjustment | 0 | * | * | * | * | * | * | * | * | 0.1 | 0.1 | 0.4 |
| 506 Limitation on charges to Indians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 507 Limitations on physician referrals | 0 | * | * | * | * | * | * | * | * | * | * | * |
| 508 One-time appeals process for hospital wage index | 0.2 | 0.2 | 0.2 | 0.2 | * | 0 | 0 | 0 | 0 | 0 | 0.9 | 0.9 |
| <u>Subtitle B: Other Provisions</u> | | | | | | | | | | | | |
| 511 Payments to skilled nursing facilities | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| 512 Coverage of hospice consultation services | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.3 |
| 513 Study on portable ultrasound in SNFs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal, Title V | 0.4 | 0.5 | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 1.7 | 2.7 |
| Title VI: Provisions relating to Part B | | | | | | | | | | | | |
| <u>Subtitle A: Physicians' Services</u> | | | | | | | | | | | | |
| 601 Update revisions | 0.6 | 1.2 | 0.8 | 0.2 | -0.4 | -0.6 | -0.6 | -0.7 | -0.5 | 0.3 | 2.4 | 0.2 |
| 602 Services in Alaska | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 |
| 603 Private contracting for podiatrists et al. | * | * | * | * | * | * | * | * | * | * | * | * |
| 604 Study on access to physicians' services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 605 Report on geog. adj. of practice expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 605 MedPAC report on payments to physicians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Subtitle B: Preventive Services</u> | | | | | | | | | | | | |
| 611 Preventive physical | 0 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.6 | 1.7 |
| 612 Cardiovascular screening tests | 0 | 0.1 | 0.1 | * | * | * | * | * | * | * | 0.2 | 0.3 |
| 613 Diabetes screening tests | 0 | * | * | * | * | * | * | * | * | * | * | * |
| 614 Mammography payments | 0 | * | * | * | * | * | * | * | * | * | 0.1 | 0.2 |

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by fiscal year, in billions of dollars

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004- 2008 | 2004- 2013 |
|--|------|------|------|------|------|------|------|------|------|------|---------------|---------------|
| <u>Subtitle C: Other Provisions</u> | | | | | | | | | | | | |
| 621 HOPD PPS: Payment reform | 0.3 | 0.4 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.7 | 0.7 |
| 622 Functional equivalence | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 623 Payment for dialysis services | 0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 1.0 |
| 624 Therapy: 2 year moratorium on cap in 2004 | 0.3 | 0.4 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.7 | 0.7 |
| 625 Waiver of Part B late enrollment penalty | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.2 |
| 626 ASC: Payment adjustments | * | -0.1 | -0.1 | -0.2 | -0.3 | -0.4 | -0.4 | -0.5 | -0.5 | -0.5 | -0.8 | -3.1 |
| 627 Payments for shoes and inserts | 0 | * | * | * | * | * | * | * | * | * | * | * |
| 628 Payment for clinical diagnostic lab test | -0.1 | -0.2 | -0.4 | -0.6 | -0.8 | -0.9 | -1.0 | -1.1 | -1.2 | -1.3 | -2.2 | -7.8 |
| 629 Index Part B deductible | 0 | -0.2 | -0.5 | -0.7 | -0.9 | -1.2 | -1.5 | -1.8 | -2.2 | -2.6 | -2.3 | -11.6 |
| 630 Part B services provided by Indian hosps & clinics | 0 | * | * | * | * | * | * | 0 | 0 | 0 | 0.1 | 0.1 |
| <u>Subtitle D: Other Provisions</u> | | | | | | | | | | | | |
| 641 Demo: Coverage of certain drugs and biologics | 0.1 | 0.3 | 0.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | 0.5 |
| 642 Coverage of intravenous immune globulin | * | * | * | * | * | * | * | * | * | * | * | 0.1 |
| 643 Study: Nurse first assistants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 644 Study: Cardio-thoracic surgeons | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 645 Study: Vision services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 646 Quality demonstration program | 0 | * | * | * | * | * | 0 | 0 | 0 | 0 | * | * |
| 647 Study: Direct access to physical therapy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 648 Demo: Chronic outpatient services | 0 | * | * | * | * | * | * | * | * | 0.1 | 0.1 | 0.3 |
| 649 Demo: Care management | 0 | 0 | * | * | * | * | * | * | * | * | * | 0.1 |
| 650 Study: Concierge care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 651 Demo: Chiropractic services | 0 | 0 | * | * | 0 | 0 | 0 | 0 | 0 | 0 | * | * |
| Subtotal, Title VI | 1.1 | 2.1 | 0.5 | -0.9 | -2.0 | -2.7 | -3.2 | -3.7 | -3.9 | -3.7 | 0.8 | -16.3 |
| Title VII: Provisions relating to Parts A and B | | | | | | | | | | | | |
| <u>Subtitle A: Home Health Services</u> | | | | | | | | | | | | |
| 701 Update | -0.2 | -0.3 | -0.4 | -0.5 | -0.6 | -0.7 | -0.8 | -0.9 | -1.0 | -1.1 | -2.1 | -6.5 |
| 702 Homebound demonstration | * | 0.1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 |
| 703 Medical adult day care demonstration | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 704 Suspension of non-Medicare/Medicaid OASIS collection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 705 MedPAC study | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 706 Religious nonmedical care | 0 | 0 | 0 | * | * | * | * | * | * | * | * | * |
| <u>Subtitle B: Graduate Medical Education</u> | | | | | | | | | | | | |

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by fiscal year, in billions of dollars

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004-2008 | 2004-2013 |
|--|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| 711 Extension of update limitation | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | -0.2 | -0.2 | -0.5 | -1.3 |
| 712 Geriatric residency/fellowship | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 713 Treatment of volunteer supervision | 0.1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 |
| <u>Subtitle C: Chronic Care Improvement</u> | | | | | | | | | | | | |
| 721 Chronic care mgmt: fee for service | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | 0.5 |
| 722 Chronic care mgmt: Medicare Advantage | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.1 |
| 723 Research plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>Subtitle D: Other Provisions</u> | | | | | | | | | | | | |
| 731 National and local coverage determinations | 0 | * | * | * | * | * | * | * | * | * | * | * |
| 732 Extend treatment of physician pathology services | 0 | 0.1 | 0.1 | * | 0 | 0 | 0 | 0 | 0 | 0 | 0.2 | 0.2 |
| 733 Pancreatic islet cell transplants | * | * | * | * | * | * | * | * | * | * | 0.1 | 0.1 |
| 734 Restoration of Medicare trust funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 735 MedPAC modifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 736 Technical amendments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal, Title VII | -0.1 | -0.1 | -0.4 | -0.5 | -0.7 | -0.8 | -0.9 | -1.0 | -1.1 | -1.2 | -1.8 | -6.7 |
| Title VIII: Cost Containment | | | | | | | | | | | | |
| Subtitle A Cost Containment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtitle B Income-related reduction in Part B Premium subsidy /a | 0 | * | * | -0.2 | -0.5 | -0.9 | -1.8 | -2.7 | -3.1 | -3.9 | -0.8 | -13.3 |
| Subtotal, Title VIII | 0 | * | * | -0.2 | -0.5 | -0.9 | -1.8 | -2.7 | -3.1 | -3.9 | -0.8 | -13.3 |
| Title IX: Administrative Improvements | | | | | | | | | | | | |
| | * | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.5 |
| Subtotal Gross Outlays | 2.5 | 4.6 | 26.7 | 38.8 | 42.4 | 45.0 | 48.2 | 51.2 | 56.7 | 63.5 | 114.9 | 379.5 |
| Premium & Cost-Sharing Interactions | 0.1 | -0.4 | 0.1 | 0.7 | 1.0 | 1.3 | 1.6 | 1.8 | 2.0 | 2.1 | 1.6 | 10.3 |
| SUBTOTAL, Medicare provisions | 2.6 | 4.2 | 26.8 | 39.5 | 43.5 | 46.3 | 49.7 | 53.0 | 58.7 | 65.5 | 116.5 | 389.7 |

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by fiscal year, in billions of dollars

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004-2008 | 2004-2013 |
|---|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Title X: Medicaid and Miscellaneous Provisions | | | | | | | | | | | | |
| <u>Subtitle A: Medicaid Provisions</u> | | | | | | | | | | | | |
| 1001 Increased Medicaid DSH payments | 0.7 | 0.6 | 0.5 | 0.4 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 | 3.0 |
| 1002 Section 340B amendment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1003 Extension of IMD moratorium | * | * | * | * | * | * | * | * | * | * | * | * |
| <u>Subtitle B: Miscellaneous Provisions</u> | | | | | | | | | | | | |
| 1011 Emergency services for undocumented aliens | 0 | 0.1 | 0.2 | 0.3 | 0.3 | 0.1 | * | 0 | 0 | 0 | 0.9 | 1.0 |
| 1012 Commission on Systemic Interoperability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1013 Outcomes research | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1014 Citizens Health Care Working Group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1015 Appropriation for Administrative Costs | 0.5 | 1.1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1.5 | 1.5 |
| 1016 Health care infrastructure improvement program | * | 0.1 | 0.1 | 0.1 | * | 0 | 0 | 0 | 0 | 0 | 0.2 | 0.2 |
| Subtotal, Title X | 1.2 | 1.8 | 0.8 | 0.7 | 0.5 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 5.1 | 5.7 |
| Title XI: Access to Affordable Pharmaceuticals | | | | | | | | | | | | |
| Subtitles | | | | | | | | | | | | |
| A&B Revisions to Hatch-Waxman Act | * | * | * | * | * | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.6 |
| Subtitle C Importation of Prescription Drugs | 0 | 0 | 0 | * | * | * | * | * | * | * | * | * |
| Subtotal, Title XI | * | * | * | * | * | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.6 |
| TOTAL, Change in Direct Spending | 3.8 | 6.0 | 27.5 | 40.2 | 44.0 | 46.5 | 49.8 | 53.0 | 58.7 | 65.5 | 121.4 | 394.8 |

November 20, 2003

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CBO Estimate of Effect on Direct Spending and Revenues of Conference Agreement on H.R. 1: Detail

by fiscal year, in billions of dollars

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2004-2008 | 2004-2013 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Changes in Revenues | | | | | | | | | | | | |
| Titles I and XI: Prescription Drug Benefit and Access to Affordable Pharmaceuticals | | | | | | | | | | | | |
| Income and HI Payroll Taxes (on-budget) | * | * | 0.3 | 0.5 | 0.5 | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 | 1.3 | 5.0 |
| Social Security Payroll Taxes (off-budget) | <u>*</u> | <u>*</u> | <u>0.1</u> | <u>0.2</u> | <u>0.2</u> | <u>0.3</u> | <u>0.3</u> | <u>0.3</u> | <u>0.4</u> | <u>0.4</u> | <u>0.6</u> | <u>2.2</u> |
| Subtotal | * | * | 0.4 | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 | 1.2 | 1.3 | 1.9 | 7.2 |
| Title XII: Tax Incentives for Health and Retirement Security /b | | | | | | | | | | | | |
| Income and HI Payroll Taxes (on-budget) | -0.2 | -0.5 | -0.6 | -0.6 | -0.7 | -0.7 | -0.8 | -0.8 | -0.9 | -0.9 | -2.5 | -6.7 |
| Social Security Payroll Taxes (off-budget) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Subtotal | -0.2 | -0.5 | -0.6 | -0.6 | -0.7 | -0.7 | -0.8 | -0.8 | -0.9 | -0.9 | -2.5 | -6.7 |
| TOTAL, Change in Revenues | | | | | | | | | | | | |
| Income and HI Payroll Taxes (on-budget) | -0.2 | -0.5 | -0.2 | -0.2 | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | * | -1.2 | -1.7 |
| Social Security Payroll Taxes (off-budget) | * | * | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.6 | 2.2 |
| Total, Change in Revenues | -0.2 | -0.5 | -0.1 | * | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.4 | -0.7 | 0.5 |
| MEMORANDUM: Net Increase in Deficit or Decrease in Surplus | 4.0 | 6.5 | 27.6 | 40.2 | 43.9 | 46.4 | 49.6 | 52.8 | 58.4 | 65.1 | 122.1 | 394.3 |

NOTES:

ASC = ambulatory surgical center; DSH = disproportionate share hospital; FQHC = federally qualified health center; GPCI = geographic practice cost index; HH = home health; HOPD = hospital outpatient department; IMD = institution for mental disease; MB = market basket; OASIS = outcome and assessment information set; PPS = prospective payment system; SCH = sole community hospital; SNF = skilled nursing facility.

Estimates are preliminary and are subject to further review of the legislative language.

* = costs or savings of less than \$50 million.

a. Estimates include effects of expanded access to tax return information.

b. Estimates provided by the Joint Committee on Taxation.