

## Medicare, Medicaid, and SCHIP Administrative Actions Reflected In CBO's Baseline

| Administrative Action   | Status   | Baseline Weighting Factor <sup>/1/</sup> | 5/10 Year Net Reduction in Outlays (\$ billions) |
|---|--|--|--|
| <b>Medicare<sup>/2/</sup></b>   |  |  |  |
| Withhold payments for hospital-acquired conditions (budget-neutral redistribution across MS-DRGs) | Possible NPRM May 2008   | N/A <sup>/3/</sup>                       | 0/0  |
| Adjust skilled nursing facility PPS case mix weights  | Possible NPRM May 2008   | 50%                                      | 1.6/3.9  |
| Eliminate 6.67% "budget neutrality" adjustment in hospice wage index                              | Possible NPRM May 2008   | 50%                                      | 1.2/3.2  |
| Revise payment adjustments for transfer cases   | Possible NPRM May 2008   | 50%                                      | 0.1/0.3  |
| Improve program integrity   | Detailed description of the proposal not available                   | 0%                                       | 0/0  |
| <b>Medicaid</b>   |  |  |  |
| Revise limitations for payments for multiple-source drugs   | Enacted;<br>Final rule 7/17/07<br>Injunction 12/19/07 <sup>/4/</sup> | 100%                                     | 1.8/5.7  |
| Restrict use of intergovernmental transfers (IGTs); limit payment to public providers to cost     | Final rule 5/29/07<br>Moratorium until 5/25/08                       | 100%                                     | 9.0/22.0   |
| Clarify and narrow payment policy for targeted case management (TCM) services <sup>/5/</sup>      | Enacted;<br>Final rule 12/4/07<br>Implementation 3/3/08              | 100%                                     | 1.5/3.3  |
| Prohibit payment for certain school-based administrative and transportation services              | Final rule 12/28/07<br>Moratorium until 6/30/08                      | 100%                                     | 4.2/10.2   |
| Narrow definition of rehabilitation services  | NPRM 8/13/07<br>Moratorium until 6/30/08                             | 50%                                      | 1.4/3.5  |
| Prohibit payment for graduate medical education (GME)   | NPRM 5/23/07<br>Moratorium until 5/25/08                             | 50%                                      | 0.8/1.9  |
| Clarify definition of outpatient clinic and hospital services                                     | NPRM 9/28/07   | 50%                                      | 0.3/0.7  |
| Revise limits for permissible taxes on health care providers                                      | Enacted;<br>Final rule 2/22/08                                       | 100%                                     | 0.6/0.6  |
| <b>State Children's Health Insurance Program (SCHIP)</b>  |  |  |  |
| Limit SCHIP program expansions above 250% of poverty (the "August 17 <sup>th</sup> letter")       | Implemented:<br>Letter to State Health Officials                     | N/A                                      | 0.1/0.1  |

**Notes:**

N/A = not applicable.

<sup>/1/</sup> For NPRMs or other significant administrative actions, CBO generally assigns a weight of 50 percent in its baseline, reflecting the uncertainties of the administrative process. Once a regulation becomes final, CBO fully incorporates the projected effects into the baseline (after any moratorium ends).

<sup>/2/</sup> Additional CBO Baseline Assumptions:

- The policy allowing low-income subsidy (LIS) beneficiaries to remain in Part D plans at or above average premiums, currently in effect under demonstration authority, continues in the future.
- CMS will continue to set premiums based on average cost for all eligible Part D enrollees, rather than average cost for all participants in the program.
- Payment rates for beneficiaries in Medicare Advantage (MA) plans are not adjusted to reflect the effect on risk scores of differences in coding practices between FFS and MA plans.

<sup>/3/</sup> This provision, if implemented, would have no net budgetary effect.

<sup>/4/</sup> Implementation of this provision is on hold under a preliminary injunction issued by the District Court of the District of Columbia. CBO assumes current law will go into effect in January 2009.

<sup>/5/</sup> Figures are net of effects in foster care administration. Gross Medicaid outlays would decrease by \$2.0 billion over five years and \$4.5 billion over ten years.

MS-DRG = Medicare Severity Diagnosis Related Group NPRM = Notice of Proposed Rule-Making PPS = Prospective Payment System