

Wilson
9-19-89
17 pp.

1 EXECUTIVE COMMITTEE MEETING
2 TUESDAY, SEPTEMBER 19, 1989
3 U.S. Senate
4 Committee on Finance
5 Washington, D.C.

6 The meeting was convened, pursuant to notice, at 3:17 p.m.,
7 in Room S-207, the Capitol, Hon. Lloyd Bentsen (Chairman)
8 presiding.

9 Also present: Senators Matsunaga, Moynihan, Baucus, Boren,
10 Bradley, Mitchell, Pryor, Riegel, Rockefeller, Daschle,
11 Packwood, Roth, Danforth, Chafee, Heinz, Durenberger and
12 Armstrong.

13 Also present: Vanda McMurtry, Staff Director and Chief
14 Counsel; Ed Mihalski, Chief of Staff, Minority.

15 Also present: Bill Diefenderfer, Deputy Director, OMB;
16 Jeffrey Olson, Department of Health and Human Services.

17 Also present: Dr. Marina Weiss, Health Counsel, Majority;
18 Mike Mabile, Tax Counsel, Majority; Stuart Brown, Deputy Chief
19 of Staff, Joint Committee on Taxation; and Brad Figel, Trade
20 Counsel, Minority.

21 (The press release announcing the meeting follows:)

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1 The Chairman. This hearing will come to order.

2 The first thing that we have on the agenda this afternoon is
3 the proposed to the U.S. International Trade Commission Study,
4 pursuant to Section 322 to the Trade Act of 1974, to survey the
5 views of recognized authorities on U.S.-Soviet trade on the
6 impact that granting most favored nation status to the Soviet
7 Union would have on the business climate for the U.S.-Soviet
8 trade.

9 Mike, would you comment on that.

10 Mr. Mabile. Yes, Mr. Chairman.

11 The Committee members have copies of the draft letter to the
12 Chairman of the ITC. This draft has been cleared with the ITC,
13 as well as the details of the study. We circulated copies of
14 the letter to the Committee before this meeting and to the best
15 of our knowledge, there was no objection to it.

16 The Chairman. I know of no objection to it. There's a
17 comment.

18 Senator Moynihan. I would certainly like to thank you for
19 this initiative. We have discussed it and I hope we go forward
20 with it right away.

21 The Chairman. May I have a motion?

22 Senator Matsunaga. I move that we pursue it.

23 Senator Moynihan. I second it.

24 The Chairman. All in favor of the motion stated, make it
25 known by saying aye.

1 (A chorus of ayes.)

2 The Chairman. Now, ladies and gentlemen -- and I will try
3 to speak up so you can hear me. We have some of the concerns
4 that we have been addressing for several days insofar as the
5 catastrophic illness legislation. Let me state where I think we
6 are, as I have discussed this with both Republicans and
7 Democrats, trying to see what we can put together in a package.
8 Let me tell you where I am coming from.

9 I think that there are basic elements in catastrophic that
10 are certainly worthy of trying to preserve, that there is no
11 question but what it has been a program on which there has been
12 substantial controversy. That amongst the concerns have been
13 these -- people who felt that they had adequate coverage already
14 and did not want additional coverage. I think one of the ways
15 we address that is to go back to what we had before where they
16 can opt out. That we allow that and that be basic to whatever
17 we might do in the way of a package.

18 One of the other ones was that on the percentage that is put
19 on the tax that you pay in the supplemental premium, that that
20 became onerous because it went up to as high, finally, as 28
21 percent. I strongly feel that we should reduce that. That
22 keeps it progressive. But that would be particularly helpful to
23 people who will be paying the supplementary, but yet are making
24 a relatively modest income. So that should be brought down and
25 we ought to keep it flat.

1 I also strongly feel that we should not, as the House did,
2 raise the base premium. That is for lower income people and
3 that we ought to keep that where it is in the present law
4 without raising it.

5 Now as you try to bring those things down obviously there
6 are some of the benefits that are going to have to be reduced.
7 I know that there are many who feel we ought to repeal it; and I
8 would assume there will be such a motion made on the floor. I
9 am sure that motion will be made on the House. And from the
10 information I hear about what may happen on the House side, that
11 there is a probability that it is going to be repealed. So I
12 think we ought to take that into our considerations as we try to
13 decide.

14 Those of us who think that we could arrive at a package that
15 preserves the major elements of catastrophic, to try to see that
16 we have a cap on out-of-pocket expenses, physicians' costs; that
17 we have a cap on hospital costs; that we say when someone has a
18 catastrophic illness that they are not going to have their life
19 savings wiped out and that of their spouse; that we retain
20 spousal impoverishment; that we have respite care; and that we
21 have skilled nursing care. Those are elements of long-term
22 care.

23 I would say this to those that want repeal, we have had
24 great controversy over this overall piece of legislation. But
25 if you think you have had controversy, then have repeal succeed,

1 and then take skilled nursing care away from people in nursing
2 homes and hospitals and see what the reaction will be to that.
3 And remember, skilled nursing care is now in place. That is
4 there. That's a benefit to the elderly you would be taking away
5 from. And to keep that in mind as we work to bring about a
6 bipartisan position -- Republicans and Democrats working
7 together to obtain the best elements of catastrophic illness.

8 So I would ask for any comment that the ranking minority
9 member would want to make. I am not going to ask for each
10 member at this time because we have a very limited time here and
11 I would like to see if we can move ahead and make some decisions
12 this afternoon.

13 Senator Packwood. Mr. Chairman, when we started this we
14 made one fundamentally correct decision for the first time in an
15 entitlement program and that is that the benefits should be paid
16 for by the beneficiaries. What we discovered, I think, is that
17 the beneficiaries do not want to pay for all the benefits. And
18 if forced to a choice between paying for them or losing the
19 benefits, I think they would rather have fewer of the benefits.
20 Maybe their first choice would be that their children and their
21 grandchildren pay and we keep all of the benefits. But that
22 would break trust with the original premise we had, which was
23 the beneficiaries will pay for the benefits.

24 I hope we hold to that premise no matter what we come out
25 with. We may come out with a modified program of cutting in

1 half the costs and ending up with a cap of \$585 instead of \$800;
2 and we may discover that the beneficiaries still do not like
3 that. My intelligence about the House is the same as yours --
4 apparently they will repeal this, I guess, and by not even a
5 close margin.

6 I would advise, again, I would hope we would wait until the
7 House acts before we take action. But I have suggested that
8 twice to the Committee before and it has not yet met with favor.
9 But I think on occasion we make more mistakes in haste than we
10 lose opportunities in delay. I think this would be a good time
11 to delay.

12 The Chairman. All right.

13 I would like to have the presentation.

14 Senator Roth. Mr. Chairman.

15 The Chairman. Yes.

16 Senator Roth. Could I ask one question as a matter of
17 procedure?

18 The Chairman. Yes.

19 Senator Roth. Because as you well know at the appropriate
20 time I do intend to urge repeal to this Committee. But my
21 question is, are we considering now a bill as an independent
22 bill or will this be part of reconciliation?

23 The Chairman. I would say it's coming over on
24 reconciliation from the House side. So I would strongly urge
25 that it be a part of reconciliation, that we be able to meet it

1 in conference, what the House has done on it.

2 Senator Roth. Could I then ask the Chairman the question as
3 to the rights on the floor. Let's assume that this Committee
4 should enact a modified version of catastrophic insurance. When
5 it be in order on the floor to propose that the legislation be
6 revoked?

7 The Chairman. Well, whatever the rules of the Senate would
8 be concerning reconciliation would prevail on that.

9 Senator Roth. I think, Mr. Chairman, that is a very, very
10 important matter because we are considering something as we all
11 know is extraordinarily controversial. There are many differing
12 views, even on this Committee, as to whether we should seek to
13 reform it and if so how we do so. So that my concern is that if
14 we go into the reconciliation on the floor that we not be locked
15 into a position where alternatives, including revocation, could
16 be considered.

17 I think it would be most unfortunate if the only choice one
18 basically had on the Senate floor was acceptance of the Finance
19 Committee proposal or rejection.

20 The Chairman. Well, Senator, let me further check the
21 Senate rules. But we will be following the Senate rules as they
22 apply to reconciliation.

23 Senator Roth. I would hope we could be advised on that
24 before we take a vote on any specific proposal in its entirety.

25 The Chairman. Do you have a comment at this point?

1 Mr. Olson. Mr. Chairman, I guess I would simply say that
2 Dr. Sullivan sends his apologies for not being able to be here
3 this afternoon. But that he has made calls to a number of you,
4 on the members of this Committee, to indicate our willingness to
5 try to play whatever role is appropriate here.

6 What we would simply say, as we have said in the past, that
7 we would hope as the Committee and the Congress considers its
8 deliberations that repeal is not a serious option. We would
9 hope that as you work your way through this that the basic
10 catastrophic be held intact as much as possible. Having said
11 that, we believe that somehow if we can help you and assist you
12 in coming up with a politically stable compromise which does not
13 throw us into sequester, but that is budget neutral, that within
14 that context that we are certainly willing to consider a repeal
15 of the drug benefit or a simple modification of the drug
16 benefit. And that also applies for the SNFs.

17 So with that kind of introduction, I would guess I would
18 comment to Mr. Diefenderfer and turn it to him.

19 The Chairman. All right, Mr. Diefenderfer.

20 Mr. Diefenderfer. I have nothing to add to that statement.

21 The Chairman. Well let me state first, I am deeply
22 disappointed that Dr. Sullivan is not here. I had expected him.
23 He was invited to be here. This is a terribly important meeting
24 and I thought the Secretary should have been here. Let me state
25 that first.

1 Senator Bradley. Mr. Chairman, do you want to continue the
2 meeting even without Dr. Sullivan being here?

3 The Chairman. Yes, I think we will continue. But he should
4 have been here. He has no more important measure before his
5 Department than this one at the present time. And I want to
6 understand just where the Administration is on these issues. We
7 are going to have to take positions and it is important that
8 they do.

9 Now let me get it a clearer, if I can, from you.

10 Voice. Mr. Chairman, it is difficult to hear at this end of
11 the table. Could we ask somebody to turn up the amplification?

12 The Chairman. What is the problem here? We have no
13 amplification? Well then I apologize to the press and to the
14 people in the room.

15 Senator Pryor. It might be a good idea. I don't know, Mr.
16 Chairman.

17 Senator Packwood. Another reason for not going on with the
18 meeting.

19 (Laughter)

20 Senator Packwood. Well, I move to tell the technician that
21 you are in a meeting.

22 (Laughter)

23 The Chairman. I am sorry, gentlemen. I will try to speak
24 louder and see if I can get it out there to you.

25 My point is this: I want to know where you stand on the

1 prescription drug benefit. Because we are facing this situation
2 where some of these benefits are going to have to be curtailed
3 or deleted in order to try to meet a revenue neutral package
4 here. And let me state this, if it takes that to get a revenue
5 neutral package -- prescription drugs -- do I understand that
6 the Administration would support that kind of a move?

7 Mr. Olson. That is correct.

8 The Chairman. All right.

9 Senator Bradley. Mr. Chairman, I did not hear the answer.
10 What is the position of the Administration on the drug benefit?

11 Mr. Olson. We would support, as the Chairman described,
12 that if the package that is arrived at is arrived at by repeal
13 of the prescription drug benefit, then the Administration would
14 support that repeal.

15 Senator Pryor. May I ask, does the Administration -- does
16 the Bush Administration -- support the repeal of the
17 prescription drug benefit in the catastrophic legislation?

18 Mr. Olson. Senator Pryor, as you know, we have said that we
19 would like to implement the package as was originally passed.
20 And I said last week that we recognized the political realities
21 and we know that there are pressures to make major changes. And
22 as long as there is consideration given to the fact that this
23 package in our view should be revenue neutral, then within that
24 context, Senator, we would support the repeal of the drug
25 benefit.

1 Senator Packwood. Can I ask a question then on the same
2 subject?

3 The Chairman. Yes, sure.

4 Senator Packwood. Is that your preference for first
5 elimination or are you simply saying, well, if that is the way
6 the Committee wants to go we will go that way but we have some
7 other thoughts also?

8 Mr. Olson. Senator Packwood, again, I guess I would say
9 that we would have preferred that we implement the package as
10 was passed. That we felt that while we were concerned about the
11 implementation of the drug benefit and to implement on time, we
12 have had concerns from that that we have expressed all the way
13 through this. But we also are recognizing the realities and we
14 also recognize that it is the prerogative of this Committee and
15 this Congress to make whatever changes they feel are necessary.
16 All we are saying is that we will accept those changes.

17 Senator Packwood. Well, let me ask you -- if this is a fair
18 question -- you are not going to give us any leadership on this,
19 but if we'll go ahead and say, get rid of the prescription
20 benefit, you'll come along?

21 Mr. Olson. And try to provide you, Senator, with all the
22 support we can give you.

23 Senator Packwood. Otherwise, no one is covered?

24 Senator Chafee. Mr. Chairman, I would just like to clarify
25 this.

1 The Chairman. Yes.

2 Senator Chafee. Is the Administration saying that the
3 Administration would support legislation that repealed the drug
4 benefit but did not repeal the revenues to pay for the drug
5 benefit or are you saying you would support legislation that
6 repealed both the drug benefit and the revenues -- the \$9+
7 billion plus -- that pays for it? Which are you for?

8 Mr. Diefenderfer. By itself, if that is the sum total
9 change of the program you are going to make, no, we would not
10 support it, sir.

11 Senator Chafee. Either one?

12 Mr. Diefenderfer. No. We understand your situation. And
13 our situation would be this: We're in a politically unstable
14 situation with catastrophic. We would like to save as much of
15 the program as we can. We understand to do so it may require us
16 to eliminate or lower, depending on whose viewpoint you take on
17 where stability can be achieved, the supplemental premium. To
18 do that you have to start to eliminate some of the benefits.
19 The drug benefit is one of the biggest costs. If that is what
20 it takes to maintain and protect the core benefits, we will
21 support that, if the Committee feels that that's what it takes
22 to protect the core benefits.

23 Senator Chafee. Mr. Chairman.

24 The Chairman. Yes.

25 Senator Chafee. If you had a choice between eliminating the

1 prescription drug or eliminating the Part B, which would you
2 prefer?

3 Mr. Olson. Senator, I would say the drugs, clearly, if we
4 had that choice.

5 Senator Danforth. You would prefer to eliminate the drugs
6 or keep them?

7 Mr. Olson. Eliminate the drugs, Senator Danforth.

8 Senator Chafee. Let me just finish, if I might. What are
9 your core benefits? Why don't you set those forth? What are
10 core benefits?

11 Mr. Diefenderfer. Well, the idea for core benefits came
12 from -- in terms of the first time we approached them --
13 discussions with this Committee and you can change what the core
14 benefits are. But we are looking at the current law benefits
15 which include the hospital, the blood deductible, home health,
16 respite, mammography, Mitchell drugs, hospice, of course the
17 administrative costs, the Part B co-pay at about 5.5 percent,
18 and there are some administrative costs associated with that.

19 And, of course, all the Medicaid benefits that fall under
20 the program for spousal impoverishment and that list.

21 Senator Heinz. Bill, a point of clarification on your
22 answer to Senator Chafee. The drug benefit is a little
23 different than the Part B benefit because there is no dedicated
24 source of financing for the Part B benefit. There is a
25 dedicated, very specific source of financing -- part of the flat

1 premium, part of the supplemental premium -- for the drug
2 benefit.

3 When you say, as you did a moment ago, that you would prefer
4 to eliminate the drug benefit instead of the Part B cap, do you
5 mean that you would also -- are saying you would want to
6 eliminate the financing of the drug benefit when you say that?
7 So that what you are, in fact, saying is, if given a choice
8 between eliminating the Part B cap on the one hand and
9 eliminating the drug benefit and the revenues to pay for it on
10 the other, we would rather do the elimination of drugs or are
11 you saying something else?

12 Mr. Diefenderfer. No. This is what I think I am saying.

13 (Laughter)

14 Mr. Diefenderfer. Is that, first of all we are not talking
15 about any one of these in isolation. We are talking about
16 developing a politically stable package which protects as much
17 of the core as possible. That said, we have another requirement
18 that the package be revenue neutral. That said, eliminating the
19 funds that are supposedly dedicated, I do not think there are
20 enough now in the new estimate. They are supposed to be
21 dedicated for the drug benefit. For sure, those could be
22 eliminated together, but we have to come back and look to the
23 bottom line to see if the package itself is revenue neutral.

24 If this gets us into sequester, if it's not revenue neutral
25 and tips us into sequester, the problem is manifold -- it's much

1 more than the problem we have here.

2 Senator Durenberger. Mr. Chairman.

3 The Chairman. Yes.

4 Senator Durenberger. If I may. One way maybe to help the
5 Administration to find its position is, if this is a sort of a
6 continuation in health policy of the old Administration, I can
7 tell you what the old Administration's position was -- that it
8 supported a catastrophic financial protection for existing
9 Medicare benefit. It strongly opposed any new benefit. It
10 opposed respite care; it opposed mammograms; it opposed
11 expanding home health; expanding or finishing off hospice or
12 expanding skilled nursing facilities, other than the areas where
13 we did it outside of catastrophic.

14 That was the Administration's position. If that is still
15 the Administration's position, then I would understand core
16 benefits to be those benefits that were in the Medicare program
17 prior to the passage of this legislation. So I hear you saying
18 -- or maybe I hear you saying -- let's go back to the old set of
19 benefits with a financial catastrophic protector financed in
20 whatever way you can and when you make the election of drugs,
21 it's simply not because you're against drugs, except that you
22 are for sticking with the original benefits.

23 Does that help at all?

24 Mr. Olson. I couldn't have said it any better, Senator. I
25 think that what we are trying to do here is preserve whatever

1 our role is in this, is to be able to take a look at the final
2 package and what you deem we can afford, have our friends at OMB
3 review that and then give you our opinion. We've tried to do
4 that somewhat piecemeal, but as the proposals were coming forth
5 we were simply responding and then we continue to do so.

6 The Chairman. Gentlemen, we have seven minutes left. So
7 let's go vote on this amendment and then we will come back.

8 (Whereupon, the meeting recessed and resumed at 3:53 p.m.)

9 The Chairman. May I have your attention. Let me state, Mr.
10 Olson, Mr. Diefenderfer, you have been courteous. But, frankly,
11 this is the most major issue facing Dr. Sullivan's Department
12 and I expected him to be here. We didn't send any alternates.
13 We are here to make some very difficult decisions on a very
14 controversial subject and I want to know the position of the
15 Administration on each of those points as we go along.

16 I am not going to continue this meeting with each of you
17 having to turn around and talk to somebody else insofar as what
18 the position might be. I want qualified answers. So we are
19 going to adjourn this meeting. I am going to call it for 2:00
20 p.m. tomorrow and I am once again going to request that
21 Secretary Sullivan be here to address this issue and give us the
22 benefit of his counsel and the position of the Administration on
23 each of these issues as we go along. And with that, we will
24 stand adjourned.

25 (Whereupon, the meeting was adjourned at 3:53 p.m.)

C E R T I F I C A T E

This is to certify that the foregoing proceedings of a
Executive Committee Meeting of the United States Senate Finance
Committee, held on September 19, 1989, were transcribed as
herein appears and that this is the original transcript thereof.

WILLIAM J. MOFFITT
Official Court Reporter

My Commission Expires April 14, 1994.

MR. CHAIRMAN; MR. PACKWOOD; MR. MATSUNAGA; MR. BAUCUS; MR. BRADLEY; MR. HEINZ; MR. DURENBERGER; MR. ARMSTRONG; MR. RIEGLE; MR. DASCHLE; MR. PRYOR

UNITED STATES SENATE
COMMITTEE ON FINANCE

MR. BOREN
MR. AHAFEE
MR. ~~BR~~ ROTH
MR. MITCHELL

Executive Session

Tuesday, September 19, 1989 - 3:00 PM
S-207, the Capitol

A G E N D A

- I. Proposal for U. S. International Trade Commission study, pursuant to section 332 of the Trade Act of 1974, to survey the views of recognized authorities on U. S.-Soviet trade on the impact that granting most-favored-nation status to the Soviet Union would have on the business climate for U. S.-Soviet trade.
- II. To consider legislation reforming the Medicare Catastrophic Coverage Act of 1988.

VOICE
VOTE
PASSED →

LLOYD BENTSEN, TEXAS, CHAIRMAN

SPARK M. MATSUNAGA, HAWAII
DANIEL PATRICK MOYNIHAN, NEW YORK
MAX BAUCUS, MONTANA
DAVID L. BOREN, OKLAHOMA
BILL BRADLEY, NEW JERSEY
GEORGE J. MITCHELL, MAINE
DAVID PRYOR, ARKANSAS
DONALD W. RIEGLE, JR., MICHIGAN
JOHN D. ROCKEFELLER IV, WEST VIRGINIA
TOM DASCHLE, SOUTH DAKOTA

BOB PACKWOOD, OREGON
BOB DOLE, KANSAS
WILLIAM V. ROTH, JR., DELAWARE
JOHN C. DANFORTH, MISSOURI
JOHN H. CHAFEE, RHODE ISLAND
JOHN HEINZ, PENNSYLVANIA
DAVID DURENBERGER, MINNESOTA
WILLIAM L. ARMSTRONG, COLORADO
STEVE SYMMES, IDAHO

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 205 10-6200

VANDA B. McMURTRY, STAFF DIRECTOR AND CHIEF COUNSEL
ED MIHALSKI, MINORITY CHIEF OF STAFF

September 19, 1989

The Honorable
Anne Brunsdale
Chairman
United States International
Trade Commission
500 "E" Street, S.W.
Washington, D.C. 20436

Dear Madam Chairman:

In early May, President Bush indicated his willingness to work with Congress toward granting most-favored-nation (MFN) trade status to the Soviet Union. This would allow the Soviets to be accorded the same status as that of the majority of our other trading partners, including some non-market economy countries, such as China, Poland, and Hungary.

In order to adequately understand the implications of granting MFN status to the Soviet Union, the Commission is requested, pursuant to section 332(g) of the Tariff Act of 1930, to institute an investigation for the purpose of providing the Committee with a survey of the views of recognized authorities on U.S.-Soviet trade on the impact such an action would have on the business climate for U.S.-Soviet trade. The survey should include an assessment of the commercial implications of such an action, including to the extent possible, the potential for U.S. agricultural exports, and opportunities for joint ventures.

The report should also identify the products that would be most affected by this change in the trading status of the Soviet Union. We would also like to know the extent, if any, the action is likely to have on the ability of the United States to compete with other exporters (*i.e.*, Japan and the European Community) for sales in the Soviet market.

The Honorable
Anne Brunsdale
September 19, 1989
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It is expected that the Commission's report on this investigation will reflect the views of U.S. companies and private commercial officials that are doing business with the Soviet Union, scholars, knowledgeable Government officials who have worked in the area of U.S.-Soviet trade, and other experts on this issue.

Sincerely,

Lloyd Bentsen
Chairman

Medicare Catastrophic Options
 ESTIMATES OF REVENUE EFFECTS OF
 A SUPPLEMENTAL PREMIUM OPTION WITH A 12% RATE AND A \$585 CAP

Fiscal Years 1989-1993
 [Millions of Dollars]

Item	1989	1990	1991	1992	1993	1989-93
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I. PRESENT-LAW RECEIPTS¹

A. Flat Premium.....	1,165	1,847	2,732	3,586	4,147	13,477
B. Supplemental Premium.....	531	6,457	7,163	6,784	7,561	28,496
TOTAL.....	1,696	8,304	9,895	10,370	11,708	41,973

II. REVENUE EFFECT OF OPTION.....	--	-2,161	-3,292	-3,378	-4,040	-12,871
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III. RECEIPTS UNDER OPTION

A. Flat Premium.....	1,165	1,847	2,732	3,586	4,147	13,477
B. Supplemental Premium.....	531	4,296	3,871	3,406	3,521	15,625
TOTAL.....	1,696	6,143	6,603	6,992	7,668	29,102

Joint Committee on Taxation
 September 19, 1989

¹ Receipts estimates are from the July 1989 Congressional Budget Office re-estimate.

AGING COMMITTEE MAJORITY STAFF ESTIMATE FOR CATASTROPHIC PROGRAM

AS MODIFIED BY SENATOR PRYOR'S PROPOSAL "A"
(\$ in Millions)

	1990 Cost	1991 Cost	1992 Cost	1993 Cost	1990-93 Cost	% Who Benefit
BENEFITS						
<u>Part A Benefits</u>						
Hospital	1302	1411	1533	1671	5917	n/a
SNF* +	1800	3600	3600	3600	12600	n/a
Home Health	129	183	194	208	714	0.9%
Hospice	1	1	1	1	4	0.1>
<u>Part B Benefits</u>						
Part B Copay Cap*	0	0	0	0	0	0%
Respite Care	67	161	263	418	909	0.1>
Screening mammography	75	123	138	147	483	11.1%
<u>Rx Drug Benefit</u>						
"Mitchell" Drugs**	76	162	185	203	626	0.2%
Other Rx Drugs*	0	0	2100	2800	4900	15.0%
<u>MCCA Administrative Expenses</u>						
	244	715	916	1000	2875	
<hr/>						
Total Medicare Costs	3694	6356	8930	10048	29028	
INCOME						
Supplemental Premium (15% / \$585 max.)	4957	4463	3884	4061	17365	
Flat Monthly Premium	1847	2732	3586	4147	12312	
State/Local in HI	1200	1900	1900	1900	6900	
<hr/>						
Total Income	8004	9095	9370	10108	36577	
Net Medicare Effect	-4310	-2739	- 440	- 60	-7549	

FOOTNOTES

- * Benefits changed from current law by Sen. Pryor proposal, budgetary effect of these changes to current law not CBO estimates.
- ** Assumes the "Mitchell" drug deductible as in current law, unchanged by Sen. Pryor proposal.
- + Assumes new \$3.6 Billion/year cost for Catastrophic SNF benefit, 50% 1 year savings from reinstating "sunsetted" 3-day prior hospitalization.

18-Sep-89
07:49 PM

PROPOSED
BIPARTISAN COMPROMISE
(by fiscal year, in millions of dollars)

	1989	1990	1991	1992	1993	1989-93 Outlays
I. CURRENT LAW BENEFITS	1989	1990	1991	1992	1993	1989-93 Outlays
~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
A. Hospital	893	1293	1401	1522	1659	6768
B. Blood Deductible	6	9	10	11	12	48
D. Home Health	0	129	183	194	208	714
E. Respite	0	0	22	48	77	147
F. Screening Mammography	0	75	123	138	147	483
G. "Mitchell" Drugs	0	76	162	184	225	647
H. Hospice	1	1	1	1	1	5
I. Administrative Costs (1)	160	88	94	98	103	543
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TOTAL FOR CURRENT LAW BENEFITS	1060	1671	1996	2196	2432	9355
REVISED BENEFITS	1989	1990	1991	1992	1993	1989-93 Outlays
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A. Part B Copayment Cap Delayed one year and set to affect 5.5 % of beneficiaries (Cap Amount \$1,780 in 1991)	0	0	1700	3090	3479	8269
B. Administrative Costs	0	84	131	136	142	493
C. Reinstate SNF 3 day prior rule for admissions on or after 1-1-90 (2)	900	1900	1800	2000	2200	8800
D. Part B Opt Out (3)	0	100	300	200	200	800
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TOTAL FOR REVISED BENEFITS	900	2084	3931	5426	6021	18362
TOTAL MEDICARE BENEFITS	1960	3755	5927	7622	8453	27717

III. MEDICAID BENEFITS	1989	1990	1991	1992	1993	Outlays
Buy-in to Medicare	106	231	435	591	665	2028
Spousal Impoverishment	-6	358	339	210	229	1130
Pregnant Women/Infants	5	50	125	160	195	535
Offsets/Other (4)	-155	-283	-439	-560	-619	-2057
SUBTOTAL FOR MEDICAID	-50	356	460	401	470	1636
TOTAL FOR OPTION 1	1910	4110	6387	8023	8923	29353

- (1) Administrative expenses for the Medicare program are subject to Appropriation Committee action and thus are not scored as direct spending changes. Changes in administrative expenses are taken into account for purposes of calculating trust fund balances and required premiums.
- (2) The estimate of the effect of reinstating the 3 day prior hospitalization requirement for SNF stays is based on extremely limited, qualitative information and is therefore highly uncertain.
- (3) The Part B opt out estimate is preliminary pending resolution of financing of the package.
- (4) Medicaid offsets will vary according to the final catastrophic package.