Proposals for Health Care Programs-CBO's Estimate of the President's Fiscal Year 2016 Budget

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
CHANGES IN DIRECT SPENDING													
Medicare Proposals (a)													
1. Reform Medicare physician payments to promote participation in high-quality and efficient health care delivery systems	0.1	0.3	0.7	1.1	2.0	2.4	4.4	4.8	5.1	5.4	5.5	6.7	32.0
Maintain physician payments at current level	5.8	11.0	10.6	10.6	11.6	12.7	13.9	15.6	16.2	16.3	17.5	62.4	141.9
Provide the Center for Medicare & Medicaid Services (CMS) program management implementation funding for physician payment reform	0	0.1	0.2	0.2	0.1	*	*	0	0	0	0	0.6	0.6
2. Make permanent the Medicare primary care incentive payment in a budget neutral manner	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Encourage efficient care by improving incentives to provide care in the most appropriate ambulatory setting	0	0	-0.9	-1.3	-1.4	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	-5.1	-13.1
4. Allow Accountable Care Organizations (ACOs) to pay beneficiaries for primary care visits up to the applicable Medicare cost sharing amount	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Allow the CMS to assign beneficiaries to Federally Qualified Health Centers and Rural Health Centers participating in the Medicare Shared Savings Program	0	0	0	0	*	*	*	*	*	*	*	*	*
6. Expand basis for beneficiary assignment for ACOs to include nurse practitioners, physician assistants, and clinical nurse specialists	0	0	0	0	0	*	*	*	*	*	*	*	*
7. Establish quality bonus payments for high-performing Part D plans	0	0	*	*	*	*	*	*	*	*	*	0.1	0.2
8. Implement bundled payment for post-acute care	0	0	0	0	0	-0.4	-0.8	-1.4	-1.5	-1.6	-1.7	-0.4	-7.5
9. Implement value-based purchasing for skilled nursing facilities, home health agencies, ambulatory surgical centers, hospital outpatient departments, and community mental health centers	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Establish a hospital-wide readmissions measure	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Extend accountability for hospital-acquired conditions	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Expand sharing Medicare data with qualified entities	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Eliminate the 190-day lifetime limit on inpatient psychiatric facility services	0	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	1.3	3.2
14. Expand coverage of dialysis services for beneficiaries with acute kidney injury	0	0	*	*	*	*	*	*	*	*	*	-0.1	-0.3
15. Reduce Medicare coverage of bad debts	0	-0.6	-1.5	-2.4	-3.1	-3.3	-3.5	-3.9	-4.1	-4.2	-4.7	-10.8	-31.3
16. Better align graduate medical education payments with patient care costs	0	-0.6	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-3.3	-7.6
17. Reduce Critical Access Hospital (CAH) payments from 101% of reasonable costs to 100% of reasonable costs	0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.6	-1.4

Continued

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
18. Prohibit CAH designation for facilities that are less than 10 miles from the nearest hospital	0	0	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.7
19. Reduce waste, fraud, and abuse in Medicare (b, c)	0	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	1.3	3.5
20. Align Medicare drug payment policies with Medicaid policies for low-income enrollees	0	0.2	-4.5	-12.1	-13.9	-13.7	-13.9	-13.7	-14.4	-16.3	-19.0	-44.0	-121.3
21. Accelerate manufacturer discounts for brand drugs to provide relief to Medicare beneficiaries in the coverage gap	0	-0.5	-0.5	-0.4	-1.1	-1.9	-2.2	-2.6	-2.6	-2.5	-3.0	-4.4	-17.3
22. Suspend coverage and payment for questionable Part D prescriptions and incomplete clinical information	0	0	0	0	0	0	0	0	0	0	0	0	0
23. Establish authority for a program to prevent prescription drug abuse in Medicare Part D	0	0	*	*	*	*	*	*	*	*	*	-0.1	-0.1
24. Require mandatory reporting of other prescription drug coverage	0	0	*	*	*	*	*	*	*	*	*	*	*
25. Allow the Secretary to negotiate prices for biologics and high cost prescription drugs	0	0	0	0	0	0	0	0	0	0	0	0	0
26. Adjust payment updates for certain post-acute care providers	0	-1.3	-2.7	-3.9	-5.2	-6.6	-8.2	-10.3	-11.9	-13.0	-15.3	-19.7	-78.5
27. Encourage appropriate use of inpatient rehabilitation hospitals (IRFs) by requiring that 75 percent of IRF patients require intensive rehabilitation services	0	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.9	-2.1
28. Exclude certain services from the in-office ancillary services exception	0	0	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-1.5	-3.5
29. Modify the documentation requirement for face-to-face encounters for durable medical equipment, prosthetics, orthotics, and supplies claims	0	0	0	0	0	0	0	0	0	0	0	0	0
30. Modify reimbursement of Part B drugs	0	0	-0.4	-0.6	-0.7	-0.7	-0.8	-0.9	-0.9	-0.9	-1.1	-2.4	-7.0
31. Increase the minimum Medicare Advantage (MA) coding intensity adjustment	0	0	-0.2	-0.4	-1.0	-1.6	-2.4	-3.0	-3.0	-2.9	-3.5	-3.3	-18.1
32. Align employer group waiver plan payments with average MA plan bids	0	0	-0.5	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.6	-0.7	-2.4	-5.7
33. Clarify calculation of the late enrollment penalty for Medicare Part B premiums	0	0	0	0	0	0	0	0	0	0	0	0	0
34. Clarify the Medicare Fraction in the Medicare Disproportionate Share Hospital (DSH) statute	0	0	0	0	0	0	0	0	0	0	0	0	0
35. Strengthen the Independent Payment Advisory Board (IPAB) to reduce long-term drivers of Medicare cost growth (includes proposal and interactions)	0	0	0	0	*	*	*	-0.6	-1.1	-1.8	-2.4	*	-5.9
36. Increase income-related premiums under Medicare Parts B and D	0	0	0	0	-2.0	-5.4	-7.3	-9.0	-11.0	-12.9	-14.8	-7.4	-62.5
37. Modify the Part B deductible for new beneficiaries	0	0	0	0	-0.1	-0.2	-0.5	-0.8	-1.3	-1.6	-2.0	-0.3	-6.6
38. Introduce a Part B premium surcharge for new beneficiaries who purchase near first-dollar Medigap coverage	0	0	0	0	-0.3	-0.5	-0.7	-0.8	-0.8	-0.8	-1.0	-0.9	-5.0

Continued

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
39. Introduce home health co-payments for new beneficiaries	0	0	0	0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.8
40. Encourage the use of generic drugs by low-income beneficiaries	0	-0.1	-1.4	-1.6	-1.9	-1.9	-2.0	-2.3	-2.2	-2.0	-2.3	-7.0	-17.7
41. Medicare net effect of canceling automatic spending reductions (Sequestration)	0	3.2	8.5	8.6	9.5	10.2	10.9	12.2	14.8	15.6	3.2	40.0	96.6
42. Health Care Fraud and Abuse Control (HCFAC) effect of canceling automatic spending reductions (Sequestration)	0	*	*	*	*	0	0	0	0	0	0	0.1	0.1
43. Provide Office of Medicare Hearings and Appeals and Department Appeals Board authority to use Recovery Audit Contractors (RAC) collections	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.3
44. Remand appeals to the redetermination level with the introduction of new evidence	0	0	0	0	0	0	0	0	0	0	0	0	0
45. Sample and consolidate similar claims for administrative efficiency	0	0	0	0	0	0	0	0	0	0	0	0	0
46. Increase minimum amount in controversy for Administrative Law Judge (ALJ) adjudication of claims to equal amount required for judicial review	0	0	0	0	0	0	0	0	0	0	0	0	0
47. Establish magistrate adjudication for claims with amount in controversy below new ALJ amount in controversy threshold	0	0	0	0	0	0	0	0	0	0	0	0	0
48. Expedite procedures for claims with no material fact in dispute	0	0	0	0	0	0	0	0	0	0	0	0	0
49. TRICARE pharmacy interaction	0	*	*	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.3	0.9
Medicaid Proposals													
50. Limit Medicaid reimbursement of durable medical equipment based on Medicare rates	0	-0.1	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-1.4	-3.7
51. Rebase future Medicaid DSH allotments	0	0	0	0	0	0	0	0	0	0	-1.0	0	-1.0
52. Reduce waste, fraud, and abuse in Medicaid (c)	0	*	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.8
53. Strengthen the Medicaid Drug Rebate program	0	-0.2	-0.6	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-4.0	-9.5
54. Exclude brand-name and authorized generic drug prices from Medicaid Federal upper limit	0	*	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.7	-1.8
55. Increase access to and transparency of Medicaid drug pricing data	0	*	*	*	*	*	0	0	0	0	0	*	*
56. Allow States to develop age-specific health home programs	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.1
57. Provide home and community-based services (HCBS) to children eligible for psychiatric residential treatment facilities	0	0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.4	1.2
58. Allow full Medicaid benefits for individuals in a HCBS state plan option	0	*	*	*	*	*	*	*	*	*	*	*	*

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
59. Expand eligibility for the 1915(i) HCBS state plan option	0	*	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.5	1.4
60. Expand eligibility under the Community First Choice option	0	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.2	2.9
61. Pilot comprehensive long-term care State plan option	0	*	*	0.6	0.9	1.3	1.4	1.5	1.5	0.8	0.9	2.9	8.9
62. Permanently extend Express Lane Eligibility for children	0	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.6	1.3
63. Create State option to provide 12-month continuous Medicaid eligibility for adults (b)	0	0	0.5	1.1	1.4	1.5	1.6	1.6	1.7	1.8	1.8	4.5	13.0
64. Allow pregnant women choice of Medicaid eligibility category	0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.9	2.1
65. Expand State flexibility to provide benchmark benefit packages	0	0	0	0	0	0	0	0	0	0	0	0	0
66. Require full coverage of preventive health and tobacco cessation services for adults in traditional Medicaid	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.9
67. Require coverage of Early Periodic Screening Diagnosis and Treatment (EPSDT) for children in inpatient psychiatric treatment facilities	0	*	*	*	*	*	*	*	*	*	*	0.2	0.4
68. Extend the Qualifying Individuals (QI) program through calendar year 2016	0.4	0.8	0.2	*	*	*	*	*	*	*	*	1.4	1.5
69. Extend the Transitional Medical Assistance (TMA) program through calendar year 2016 (b)	*	0.7	0.5	0.6	0.8	0.9	0.9	0.9	0.9	1.0	1.1	3.5	8.3
Medicare and Medicaid Enrollees													
70. Ensure retroactive Part D coverage of newly-eligible low-income beneficiaries	0	0	0	0	0	0	0	0	0	0	0	0	0
71. Establish integrated appeals process for Medicare-Medicaid enrollees	0	0	0	0	0	0	0	0	0	0	0	0	0
72. Create a pilot to expand Program of All-inclusive Care for the Elderly (PACE) eligibility to individuals between ages 21 and 55	0	0	*	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4
73. Allow for Federal/State coordinated review of Duals Special Need Plan marketing materials	0	0	0	0	0	0	0	0	0	0	0	0	0
Pharmaceutical Savings													
74. Prohibit certain patent settlement agreements between drug companies (b)	0	-0.1	-0.2	-0.4	-0.4	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-1.5	-3.7
75. Modify the biosimilar regulatory pathway and change the Medicare Part B payment formula for certain drugs (b)	0	*	*	-0.1	-0.2	-0.3	-0.4	-0.5	-0.5	-0.5	-0.6	-0.7	-3.3

Continued

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
Health Workforce Investments													
76. Create a competitive, value-based graduate medical education program	0	*	0.1	0.3	0.6	0.6	0.6	0.7	0.7	0.8	0.8	1.7	5.2
77. Extend the Medicaid primary care payment increase through calendar year 2016 and include additional providers	3.8	5.4	1.5	0.1	0.1	*	*	*	*	*	*	10.9	10.9
78. Invest in the National Health Service Corps	0	0.1	0.3	0.5	0.5	0.5	0.4	0.2	*	0	0	1.9	2.6
Other													
79. Provide CMS Program Management implementation funding	0	*	0.2	0.1	*	0	0	0	0	0	0	0.3	0.3
80. Provide mandatory funding for Tribal contract support costs	0	0	0.8	0.9	1.1	0.8	0.8	0.8	0.8	0.8	0.9	3.6	7.7
81. Extend the Children's Health Insurance Program (CHIP) funding through 2019 (b)	0	1.3	4.1	4.5	4.7	0.7	0.1	0	0	0	0	15.2	15.3
82. Streamline pharmacy contracting in the Federal Employees Health Benefits (FEHB) program	0	0	0	0	0	0	0	0	0	0	0	0	0
83. Provide FEHBP benefits to domestic partners	0	*	*	*	*	*	*	*	0.1	0.1	0.1	0.1	0.4
84. Expand FEHBP plan types	0	0	0	*	*	*	*	*	*	*	*	*	*
85. Adjust FEHBP premiums for wellness	0	0	0	0	0	0	0	0	0	0	0	0	0
86. Enact Postal Service financial relief and reform	0	3.4	0	0	0	0	0	0	0	0	0	3.4	3.4
87. Allow CMS to reinvest civil monetary penalties recovered from home health agencies	0	*	*	*	*	*	*	*	*	*	*	*	*
88. Mandatory fee proposals (b)	0	0	*	*	*	*	*	*	*	*	*	0.1	0.3
89. Invest in CMS quality measurement	0	*	*	*	*	*	0	0	0	0	0	0.1	0.1
90. Reauthorize the Special Diabetes Program	0	0.2	0.3	0.3	0.1	*	*	0	0	0	0	0.9	0.9
91. Extend Health Centers	0	1.3	2.4	2.5	2.5	1.5	0.4	*	0	0	0	10.2	10.6
92. Create demonstration to address over-prescription of psychotropic medications for children in foster care	0	*	0.1	0.1	0.2	0.2	0.2	0.1	*	*	0	0.7	0.9
93. Improve and extend Money Follows the Person Rebalancing Demonstration through 2020	0	*	*	*	0.1	0.1	0	0	0	0	0	0.2	0.2
94. Effect of tobacco tax on health care programs (b)	0	*	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-2.7
95. Extend and expand the Maternal, Infant, and Early Childhood Home Visiting Program	0	*	0.2	0.4	0.6	0.8	1.1	1.3	1.5	1.7	2.0	2.0	9.6

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
CHANGES IN REVENUES (b, d)													
Revenue effects of waste, fraud, and abuse proposals (On-budget)	0	*	*	*	*	*	*	*	*	*	*	*	*
Indirect revenue effect resulting from the health benefits associated with the tobacco tax increase													
On-budget	0	*	*	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.7
Off-budget	0	*	*	*	*	*	*	*	*	*	0.1	0.1	0.3
Extend the TMA program through calendar year 2016													
On-budget	0	*	*	*	*	*	*	*	*	*	*	-0.1	-0.2
Off-budget	0	*	*	*	*	*	*	*	*	*	-0.1	-0.1	-0.4
Prohibit certain patent settlement agreements between drug companies													
On-budget	0	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.5
Off-budget	0	*	*	*	*	*	*	*	*	*	*	0.1	0.2
Modify the biosimilar regulatory pathway and change the Medicare Part B payment formula for certain drugs													
On-budget	0	*	*	*	*	*	*	*	*	*	*	0.1	0.2
Off-budget	0	*	*	*	*	*	*	*	*	*	*	*	0.1
Mandatory fee proposals (On-budget)	0	*	*	*	*	*	*	*	*	*	*	0.2	0.3
Extend CHIP funding through 2019													
On-budget	0	0.1	0.4	0.5	0.6	0.3	0.1	0	0	0	0	1.9	2.0
Off-budget	0	*	0.2	0.3	0.3	0.2	*	0	0	0	0	1.0	1.1
Create a State option to provide 12-month continuous Medicaid eligibility for adults													
On-budget	0	0	0.1	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	1.1	3.3
Off-budget	0	0	*	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.4	1.2

(Billions of dollars, by fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
Memorandum													
Non-Scorable Effects (Non-add)													
Nonscorable effects of HCFAC baseline differences	0	*	*	*	*	*	0.1	0.1	0.1	0.2	0.2	*	0.6
Recovery Audit Contractors	0	-0.1	-0.1	-0.2	-0.3	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-1.0	-3.4
Support Medicaid Fraud Control Units (MFCU) for the territories; expand MFCU review to additional care settings	0	0	*	*	*	*	*	*	-0.1	-0.1	-0.1	-0.1	-0.3
Medicaid Integrity Program funding	0	*	*	*	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.6
Net Effect on the Deficit for Select Proposals (e)													
Extend CHIP funding through 2019	0	1.1	3.4	3.7	3.8	0.3	*	0	0	0	0	12.3	12.3
Extend the TMA program through calendar year 2016	*	0.7	0.5	0.7	0.8	1.0	1.0	1.0	1.0	1.1	1.1	3.7	8.9
Create State option to provide 12-month continuous Medicaid eligibility for adults	0	0	0.4	0.7	1.0	1.0	1.0	1.1	1.1	1.1	1.2	3.0	8.5
Program Totals (f)													
Medicare													
Total	6.4	12.7	7.0	-3.9	-9.2	-14.3	-16.7	-20.7	-22.6	-27.0	-48.6	-1.3	-136.9
Total, excluding non-scorable effects	6.4	12.8	7.1	-3.6	-8.9	-13.9	-16.3	-20.4	-22.3	-26.7	-48.3	-0.2	-134.1
Medicaid													
Total	3.9	5.5	*	-0.6	0.2	2.6	3.8	4.3	4.5	4.0	3.3	11.5	31.5
Total, excluding non-scorable effects	3.9	5.5	*	-0.6	0.3	2.6	3.9	4.4	4.6	4.2	3.4	11.7	32.2

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: Estimates are relative to CBO's March 2015 baseline.

* = between -$50 million and $50 million. Components may not add up to totals because of rounding.

ACO = Accountable Care Organization; ALJ = Administrative Law Judge; CAH = Critical Access Hospital; CHIP = Children's Health Insurance Program; CMS = Centers for Medicare & Medicaid Services; DSH = Disproportionate Share Hospital; HCFAC = Health Care Fraud and Abuse Control; IPAB = Independent Payment Advisory Board; IRF = Inpatient Rehabilitation Hospital; FEHB = Federal Employees Health Benefits; HCBS = Home and Community-Based Services ; MA = Medicare Advantage; MFCU = Medicaid Fraud Control Unit; TMA = Transitional Medical Assistance; TRICARE = the health care plan operated by the Department of Defense.

a. All Medicare provisions include interactions with Medicare Advantage payments, the effect on Medicare Part A and B premiums, and the effect on TRICARE.
b. Proposal would affect both direct spending and revenues, which are shown separately.
c. Non-scorable effects are shown in the Memorandum section.
d. For revenues, positive numbers indicate a decrease in the deficit and negative numbers indicate an increase in the deficit.
e. Estimate reflects the effect of the policy on spending by mandatory health programs and federal revenues.
f. Some of the above policies would affect spending for multiple health care programs. The programmatic totals shown here reflect the combined effect of all proposed changes on federal spending for the Medicare program and for the Medicaid program.