

## Offset Options Submitted by Obama Budget (OB), CBO, Bipartisan Policy Center (BPC)

*(not necessarily endorsed by SFC Staff)*

Offset Policy	Dollars in Millions		Source
	2014	2014-2023	
<b>Relating to Low Income Beneficiaries</b>			
Align Medicare Drug Payment Policies with Medicaid policies for Low-Income Beneficiaries	-3,140	-123,170	OB
Increase and improve support for low-income medicare beneficiaries	-	74,800	BPC
Encourage the use of generic drugs by low income beneficiaries	-350	-6,730	OB
Expand low-income cost-sharing assistance	0	74,800	BPC
<b>Relating to High Income Beneficiaries</b>			
2014      2014-2023      Source			
Option 3: Eliminate Exchange subsidies for people with income over 300 percent of the federal poverty guidelines			
Change in mandatory outlays	0	-173,000	CBO
Change in revenues	0	-64,000	
Net Effect on the Deficit	0	-109,000	
Reduce subsidies to high-income beneficiaries	0	-66,300	BPC
<b>Relating to Finance &amp; Tax</b>			
2014      2014-2023      Source			
Allow civil monetary penalties for providers using higher-risk banking arrangements to receive Medicare payments	-	-90	OB
Limit and rationalize the tax exclusion for covered insurance. Revenue increase:	-	262,000	BPC
<b>Relating to Medical Education &amp; Physicians</b>			
2014      2014-2023      Source			
Better align Graduate Medical Education payments with Patient care costs	-780	-10,980	OB
Limit the in-office exception to the physician self-referral law	-	-6,100	BPC
<b>Relating to Prescription Drugs &amp; Manufacturers</b>			
2014      2014-2023      Source			
Clarify the Medicaid definition of brand drugs	-21	-256	OB
Exclude brand and authorized generic drug prices from the Medicaid Federal Upper limits	-90	-1,740	OB
Exclude authorized generics from Medicaid brand-name rebate calculations	-30	-355	OB
Correct the ACA Medicaid Rebate formula for new drug formulations	-270	-6,450	OB
Track high prescribers & utilizers of prescription drugs in Medicaid	-50	-1,820	OB
Accelerate Manufacturer Drug discounts to provide relief to Medicare beneficiaries in the coverage gap	-	-11,210	OB
Require manufacturers that improperly report items for Medicaid drug coverage to fully repay states	-1	-18	OB
Prohibit manufacturers from delaying availability of new generics & biologics / 7	-170	-2,430	OB
Address anti-competitive settlements between brand and generic drug manufacturers	-	-4,000	BPC
Close the REMS loophole that inhibits generic drug development	-	-753	BPC
Modify length of exclusivity to facilitate faster development of generic biologics	10	-190	OB
<b>Relating to Providers or Facilities</b>			
2014      2014-2023      Source			
Reduce CAH reimbursements to 100% of costs	-90	-1,430	OB
Prohibit CAH designation for facilities less than 10 miles from nearest hospital	-40	-690	OB
Encourage appropriate use of inpatient rehabilitation facilities	-190	-2,520	OB
Equalize payments for certain conditions treated in inpatient rehabilitation facilities and SNFs	-140	-1,950	OB
Adjust SNF payments to reduce readmissions	-	-2,210	OB
Modernize payments for clinical laboratory services	-	-9,460	OB
Exclude certain services from the in-office ancillary services exception	-	-6,050	OB
Equalize payment rates for evaluation/management services to lowest-cost rate including facility payments	-	-8,700	BPC
Require prepayment review / prior authorization for power mobility devices	-	-90	OB
Limit Medicaid reimbursement of durable medical equipment based on medicare rates	-250	-4,483	OB
Adjust Payment updates for certain post-acute care providers	-830	-79,040	OB
Option 10: Bundle Medicare's Payments to Health care Providers			
Change in mandatory outlays			
Bundle payments only for inpatient care	0	-16,600	CBO
Bundle payments for inpatient care and 90 days of postacute care	0	-46,600	
Implement Bundled payment for post-acute care providers	-	-8,160	OB
Expand payment bundles for post-acute care	0	-8,200	BPC
Reduce Medicare coverage of bad debts	-200	-25,490	OB
<b>Relating to Part B and Part D</b>			
2014      2014-2023      Source			
Reduce Overpayment of Part B Drugs	-220	-4,480	OB
Increase income related premiums under Part B & D	-	-50,000	OB
Modify Part B Deductible for new enrollees	-	-3,320	OB
Introduce Part B premium surcharge for new beneficiaries that purchase near first-dollar medigap coverage	-	-2,910	OB
Option 9: Increase Premiums for Parts B and D of Medicare			
2,014      2014-2023			
Change in mandatory outlays			
Increase basic premiums	0	-274,000	CBO
Freeze income thresholds for income-related premiums	0	-20,000	
Both of the above policies	0	-287,000	
Encourage use of generic drugs in Part D LIS program	-2,100	-44,300	BPC
Adjust Part D LIS Cost-sharing to encourage the use of high-value drugs	-	-44,300	BPC

\* changes in direct spending?

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Option 11: Require manufacturers to pay a minimum rebate on drugs covered under Part D of Medicare for Low-Income Beneficiaries				CBO
Change in mandatory outlays	0-500	-123,000		
<u>Relating to Medicaid</u>	2014	2014-2023	Source	
Rebase future disproportionate share hospital (DSH) allotments	-	-3,630		
Begin ACA DSH reduction, one yr later, in FY 2015	360	-		
Extend the TMA Program through CY 2014 / 2	480	1,055		
Extend the Qualified Individual (QI) Program through CY 2014 /3	405	590	OB	
Adjustment for QI Transfer from Medicare / 3	-405	-590		
Medicaid program integrity proposals /4	-156	-3,691		
Total Outlays, Medicaid Proposals	23	-19,550		
Extend Supplemental security income time limits for qualified refugees / 5	11	24	OB	
Expand MFCU review to additional care settings	-5	-73	OB	
Strengthen Medicaid third-party liability	-100	-1,690	OB	
Retain a portion of RAC recoveries to prevent fraud and abuse	-	-90	OB	
<u>Relating to Medicare</u>	2014	2014-2023	Source	
Long-term Medicare reforms	17,400	-177,600	BPC	
Limit first-dollar supplemental coverage	600	-61,600	BPC	*
Reform supplemental coverage to minimize cost-shifting and to reduce beneficiary premiums	-	-61,600	BPC	
Increase Minimum Medicare Advantage Coding Intensity Adjustment	-	-15,340	OB	
Retain a portion of RAC recoveries to prevent fraud and abuse	-	-160	OB	
Permit exclusion from Federal Health care programs if affiliated with sanctioned entities	-	-60	OB	
Introduce Home Health copayments for new beneficiaries	-	-730	OB	
Strengthen IPAB to reduce long-term drivers of medicare cost growth	-	-4,100	OB	
Reduce fraud, waste, and abuse in medicare	-	-400	OB	
Align Employer Group Waiver Plan Payments w/Average Medicare Advantage plan bids	-	-4,050	OB	
Change the Cost-Sharing Rules for Medicare and restrict Medigap Insurance				
Change in mandatory outlays				
Establish uniform cost sharing for Medicare	0	-52000	CBO	
Restrict Medigap plans	0	-58000		
Both of the above policies	0	-114000		