

## 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; Final rule 7/17/07 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 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; Final rule 12/4/07 Implementation 3/3/08	100%	1.5/3.3
Prohibit payment for certain school-based administrative and transportation services	Final rule 12/28/07 Moratorium until 6/30/08	100%	4.2/10.2
Narrow definition of rehabilitation services	NPRM 8/13/07 Moratorium until 6/30/08	50%	1.4/3.5
Prohibit payment for graduate medical education (GME)	NPRM 5/23/07 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; 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: 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