

REVISED

03/24/2005

**Preliminary Estimates for Frequently Requested SGR Options
Updated to Reflect the March 2005 Baseline**

<i>by fiscal year</i>	Change in Net Federal Outlays (Billions of Dollars)											2005-	2005-
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2010	2015
Freeze Physician Payment Rates at 2005 Level	0.0	1.1	3.3	5.9	8.1	8.8	8.1	6.5	4.4	2.2	0.3	27.1	48.6
Net Federal FFS Spending	0.0	0.9	2.5	4.4	5.9	6.4	5.8	4.5	2.9	1.2	-0.2	20.1	34.2
Net Federal MA Spending	0.0	0.2	0.8	1.5	2.1	2.5	2.3	2.0	1.5	1.0	0.5	7.1	14.4
Automatic MEI Update (Eliminate SGR)	0.0	2.0	5.8	10.1	14.4	17.4	19.0	20.0	20.7	21.7	23.4	49.7	154.5
Net Federal FFS Spending	0.0	1.5	4.5	7.6	10.6	12.6	13.7	14.4	14.9	15.7	16.9	36.9	112.6
Net Federal MA Spending	0.0	0.4	1.3	2.5	3.8	4.8	5.3	5.6	5.8	6.0	6.5	12.9	42.0
Extend MMA 1.5% Update through CY 2006	0.0	1.5	2.7	2.8	2.3	0.4	-1.7	-2.7	-2.7	-2.0	-1.2	9.7	-0.5
Net Federal FFS Spending	0.0	1.3	2.3	2.3	1.9	0.4	-1.4	-2.2	-2.2	-1.7	-1.0	8.3	-0.3
Net Federal MA Spending	0.0	0.2	0.4	0.4	0.3	0.0	-0.3	-0.4	-0.4	-0.3	-0.2	1.4	-0.2
Extend MMA 1.5% Update through CY 2007	0.0	1.5	4.4	5.8	5.4	3.6	0.2	-3.5	-5.7	-5.7	-4.4	20.8	1.7
Net Federal FFS Spending	0.0	1.3	3.8	5.0	4.6	3.0	0.3	-2.9	-4.8	-4.8	-3.8	17.6	1.7
Net Federal MA Spending	0.0	0.2	0.7	0.9	0.8	0.5	0.0	-0.6	-0.9	-0.9	-0.7	3.1	0.1
Recognize MMA Changes as "Changes in Law" for Purposes of Calculating the SGR	0.0	0.1	0.3	1.6	4.4	6.4	7.1	7.1	6.7	6.3	6.0	12.8	46.1
Net Federal FFS Spending	0.0	0.1	0.2	1.2	3.2	4.6	5.1	5.1	4.8	4.5	4.3	9.3	33.0
Net Federal MA Spending	0.0	0.0	0.1	0.4	1.2	1.8	2.0	2.0	1.9	1.8	1.8	3.5	13.1
Retrospectively and Prospectively Remove MD- Administered Drugs from the SGR	0.0	2.5	6.4	9.9	13.1	14.6	14.6	13.9	13.3	12.9	13.0	46.5	114.2
Net Federal FFS Spending	0.0	2.0	4.9	7.4	9.6	10.6	10.5	9.9	9.4	9.2	9.2	34.6	82.8
Net Federal MA Spending	0.0	0.6	1.5	2.5	3.4	4.0	4.1	4.0	3.8	3.7	3.7	11.9	31.4

Notes: SGR = Sustainable Growth Rate mechanism for establishing payment rates for physicians' services; FFS = Fee-for-Service; MA = Medicare Advantage; MEI = Medicare Economic Index; MMA = Medicare Modernization Act.
Changes in the physician payment rates affect MA payment rates and the number of people enrolled in those plans.
Outlays are net of additional premium income.