## Additional Information on CBO's Long-Term Analysis of a Budget Proposal by Chairman Ryan<sup>1</sup>

Answers to some questions we've been asked:

## Who would get a medical savings account (MSA) payment and when?

As specified by the Chairman's staff, Medicare beneficiaries with income below the federal poverty level would receive the full MSA deposit, and Medicare beneficiaries with income between 100 percent and 150 percent of the federal poverty level would receive 75 percent of the MSA deposit. MSA payments would not start until 2022, and they would be made only to qualifying Medicare beneficiaries who also receive a premium support payment.

<sup>&</sup>lt;sup>1</sup> Congressional Budget Office, Long-Term Analysis of a Budget Proposal by Chairman Ryan (April 2011).

## How much of projected mandatory health care spending is for Medicare and how much is for other programs?

The table below, which provides additional detail for Table 2 of CBO's analysis of Chairman Ryan's proposal, shows gross spending for the major mandatory health care programs as a share of GDP under the extended-baseline scenario, the alternative fiscal scenario, and the proposal. The table also shows two components of the major mandatory health care programs: Medicare; and Medicaid, the Children's Health Insurance Program (CHIP), and exchange subsidies. There are no exchange subsidies under the proposal.

| Percentage of gross domestic product)                              |             |             |               |            |               |           |                |              |
|--|-------------|-------------|---------------|------------|---------------|-----------|----------------|--------------|
| presentage of Bross domestic product,                              | 20          | 122         | <u>2030</u>   |            | 2040          |           | 20             | 50           |
|  |             |             |               |            |               |           |                |              |
|  |             |             | Ext           | ended-Ba   | seline Scena  | rio       |                |              |
| Major Mandatory Health Care Programs <sup>a</sup>                  | 7           | 1/4         | 8             | 3/4        | 10            | 3/4       | 12             | 1/4          |
| Medicare   | 4           | 1/4         | 5             | 1/4        | 6             | 1/2       | 7              | 1/2          |
| Medicaid, CHIP, and exchange subsidies                             | 3           |             | 3             | 1/2        | 4             | 1/4       | 4              | 3/4          |
|  |             |             | Al            | ternative  | Fiscal Scena  | io        |                |              |
| Major Mandatory Health Care Programs                               | 7           | 3/4         |               | 3/4        | 12            | -         | 13             | 3/4          |
| Medicare   | 4           | 3/4         | 6             |            |               | 3/4       | 8              | 3/4          |
| Medicaid, CHIP, and exchange subsidies                             | 3           |             | 3             | 1/2        | 4             | 1/4       | 4              | 3/4          |
|  | Proposal    |             |               |            |               |           |                |              |
| Major Mandatory Health Care Programs <sup>b</sup>                  | 5           | 1/2         | 6             |            | •             | 3/4       | 4              | 3/4          |
| Medicare   | 4           | 1/4         | 5             |            | 4             | 3/4       | 3              | 3/4          |
| Medicaid and CHIP  | 1           | 1/2         | 1             | 1/4        | 1             |           |                | 3/4          |
|  |             |             |               |            |               |           |                |              |
| Source: Congressional Budget Office.                               |             |             |               |            |               |           |                |              |
| Notes: The proposal that CBO analyzed is a                         | s specified | l by Chairı | man Paul Rya  | n and his  | staff. The ex | tended-b  | aseline and a  | Iternative   |
| fiscal scenarios are as described in Congres                       |             |             | e, The Long-T | erm Budg   | jet Outlook ( | June 2010 | 0).            |              |
| Components may not sum to totals becaus                            | e of round  | ling.       |               |            |               |           |                |              |
|  |             |             |               |            |               | ()        |                |              |
| a. Includes Medicare, Medicaid, exchange                           |             |             |               |            |               |           |                |              |
| <ul> <li>b. Includes Medicare and Medicaid as structure</li> </ul> | ctured und  | er the pro  | posal and Ch  | IIP. There | are no exch   | ange subs | sidies under t | he proposal. |

## What would be the average net federal spending per capita on Medicare under CBO's long-term scenarios or the average premium support payment for Medicare beneficiaries under Chairman Ryan's proposal?

The table below shows average net federal spending on Medicare for a typical 65-year-old and for Medicare beneficiaries age 65 and older in 2022 under the extended-baseline scenario and the alternative fiscal scenario. It also shows the premium support payment under the proposal for a typical 65-year-old in 2022. (Because CBO assumed that no beneficiaries who were eligible for traditional Medicare would switch to the premium support system, there would be no beneficiaries older than 65 receiving premium support payments in 2022.)

| (Nominal dollars)                           |                              |                     |  |  |
|---|------------------------------|---------------------|--|--|
|   | 2022                         |                     |  |  |
|   | Extended-Baselir             | ne Scenario         |  |  |
| Average net federal spending on Medicare    |                              |                     |  |  |
| For a typical 65-year-old                   | 7,900                        |                     |  |  |
| For all beneficiaries age 65 or older       | 14,800                       |                     |  |  |
|   | Alternative Fiscal Scenario  |                     |  |  |
| Average net federal spending on Medicare    |                              |                     |  |  |
| For a typical 65-year-old                   | 8,500                        |                     |  |  |
| For all beneficiaries age 65 or older       | 16,000                       |                     |  |  |
|   | Proposal                     |                     |  |  |
| Average premium support payment             |                              |                     |  |  |
| For a typical 65-year-old                   | 8,000                        |                     |  |  |
| Source: Congressional Budget Office         |                              |                     |  |  |
| Notes: The proposal that CBO analyzed is as | specified by Chairman Paul   | Ryan and his staff. |  |  |
| The extended-baseline and alternative fisca | I scenarios are as described | in Congressional    |  |  |
| Budget Office, The Long-Term Budget Outlo   | ook (June 2010).             |                     |  |  |
|   |                              |                     |  |  |