

Issue Brief

FEDERAL ISSUE BRIEF • May 10, 2019

CBO Scores President's Fiscal Year 2020 Budget

The Congressional Budget Office released estimates of the costs/savings presented in the President's FY 2020 budget proposal.

The entire six-page Medicare report is available at: <https://www.cbo.gov/system/files/2019-05/55210-medicare.pdf>.

The document presents an extensive table showing cost and savings over a 10-year period for each line item in the budget.

The following material is an excerpt of items, many of which affect hospitals and physicians. The numbers in the table correspond to the line number in the CBO report.

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continued

Proposals for Medicare – CBO’s Estimate of the President’s Fiscal Year 2020 Budget

		By Fiscal Year, Millions of Dollars										2020-2024	2020-2029
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Increases or Decreases (-) in Direct Spending Outlays (a)													
1	Eliminate cost-sharing on generic drugs and biosimilars for low-income beneficiaries	0	1,730	2,680	2,500	2,280	2,640	2,700	2,770	3,200	2,500	9,190	23,000
2	Exclude manufacturer discounts from the calculation of beneficiary out-of-pocket costs in the Medicare Part D coverage gap	0	-4,350	-6,880	-6,920	-6,820	-8,150	-8,760	-9,470	-11,170	-10,690	-24,970	-73,210
3	Establish a beneficiary out-of-pocket maximum in the Medicare Part D catastrophic phase	0	-120	-180	-180	-170	-200	-210	-220	-260	-230	-650	-1,770
10	Eliminate pass-through payments for drugs, biologicals and biosimilars	0	-60	-90	-90	-100	-110	-120	-130	-140	-140	-340	-980
13	Improve the Medicare Appeals System	3	7	8	8	8	9	9	9	10	9	34	80
14	Improve and tailor the way Medicare educates beneficiaries about the program	0	90	90	90	90	90	90	90	90	90	360	810
15	Eliminate arbitrary thresholds and other burdens to encourage participation in advanced alternative payments models	-95	-195	-165	45	170	70	5	10	15	15	-240	-125
21	Remove the requirement that physicians certify that all critical access hospital patients are expected to be discharged within 96 hours of admission	0	10	30	40	60	80	80	90	100	100	140	590
25	Consolidate and block grant GME payments	0	-14,260		-15,960	-16,810	-17,700	-18,610	-19,520	-20,810	-21,850	-62,130	-160,620
27	Reduce Medicare coverage of bad debts	0	-480		-3,130	-4,050	-4,600	-4,950	-5,320	-5,980	-5,930	-9,180	-35,960
28	Address excessive payment for post-acute care providers by implementing post-acute care reductions	-14,260	-15,100		-16,810	-17,700	-18,610	-19,520	-20,810	-21,850	-62,130	-160,620	-14,260
29	Authorize long-term care hospital site-neutral exceptions criteria	-14,830	-16,380		-17,620	-19,360	-20,540	-21,700	-24,130	-23,730	-65,900	-175,360	-14,830
30	Pay all hospital-owned physician offices located off-campus at the physician office rate	-480	-1,520		-4,050	-4,600	-4,950	-5,320	-5,980	-5,930	-9,180	-35,960	-480
31	Pay on-campus hospital outpatient departments at the physician office rate for certain services	-1,990	-5,230		-6,340	-6,570	-7,500	-8,160	-8,910	-10,260	-10,080	-26,180	-71,090
58	Extend mandatory sequestration	0	0		0	0	0	0	6,900	-15,800	-20,600	0	-29,500

COMMENT

At this stage, and considering the political divide in Congress, it is unlikely that any of these items would be enacted this year, or next year, which is an election year.

The issue of reducing Medicare payments for bad debts has been a constant line item. Sooner or later, it could pass. This year's scoring pegs the savings at nearly \$36 billion throughout 10 years.

The "site-neutral" provisions – paying on-campus outpatient department physicians at physician office rates, and paying all hospital-owned physician offices located off campus, also at physician office rates, would save Medicare some \$95 billion throughout 10 years. This action reinforces the concept of Medicare paying for all services at the lowest common denominator regardless of the site of service. Hospitals planning investments to acquire other providers, etc., need to keep in mind the potential of site-neutral Medicare payments in the future.

Uncompensated care is an issue that Congress appears unable to resolve. No doubt it's the cost. Changing uncompensated is huge. CBO has this item at \$175 billion throughout 10 years. Finally, another unsolvable item is graduate medical care payments. Changing such could reduce payments by \$160 billion throughout 10 years.

*Analysis provided for MHA
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