

FUNCTION 570: MEDICARE

SENATE BUDGET RESOLUTION FOR 2001

Under current law, spending for Function 570, Medicare, will total \$199.6 billion in BA and \$199.5 billion in outlays for 2000. Medicare, provides health insurance coverage for persons over age 65 and qualified disabled workers.

CHAIRMAN'S MARK

(\$ Billions)

	2000	2001	2002	2003	2004	2005
Budget Authority	199.6	215.8	226.6	244.8	260.3	283.7
Outlays	199.5	216.0	226.6	244.5	260.5	283.7

Discretionary

The Chairman's mark assumes discretionary spending would total \$3.1 billion in BA and outlays for 2001. This represents an increase of \$50 million in BA and \$32 million in outlays from the 2000 level. This increase would go to improving program administration at the **Health Care Financing Administration**.

The Chairman's mark does **not** include the President's request to increase **user fees** on Medicare providers by \$0.4 billion in 2001 to pay for discretionary program administration.

Mandatory PAYGO

The Chairman's mark assumes an increase in mandatory spending of \$20 billion over five years. This increase in Medicare spending is intended to improve the Medicare program with better **prescription drug coverage** for seniors in the context of a reform plan that improves the long-term solvency of the program.

The Chairman's mark does **not** include the President's proposal to transfer general funds to the Medicare Hospital Insurance (HI) trust fund. These transfers would total \$32 billion over the period 2001 to 2005, \$343 billion over the period 2001 to 2010, and approximately \$2.1 trillion over the

period 2001 to 2027. The Administration proposes to make these transfers from one government account (the general fund) to another (the HI trust fund), and thus they would have no impact on the budget spending and revenue totals but would substantially increase the public debt, including debt subject to the statutory limit. At a later date, as the HI trust fund drew down reserves, the new IOUs in the HI trust fund would force future taxpayers to pay higher income taxes than they would under current law to pay back these IOUs and fund the Medicare program.

The Chairman's mark also does **not** include the President's proposals to:

- cut Medicare payments for hospitals by \$6.8 billion over the period 2001 to 2005;
- cut payments for cancer treatment and other covered outpatient drugs by \$1.0 billion over the period 2001 to 2005;
- cut payments to Medicare+Choice plans by \$0.5 billion over the period 2001 to 2005;
- and cut payments for other health care providers and services by approximately \$5.7 billion over the period 2001 to 2005.

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COMPARISON OF CHAIRMAN'S MARK WITH PRESIDENT'S BUDGET AND SBC BASELINE (\$ Billions)

	2000	2001	2002	2003	2004	2005
<u>Chairman's Mark</u>						
Budget Authority	199.6	215.8	226.6	244.8	260.3	283.7
Outlays	199.5	216.0	226.6	244.5	260.5	283.7
<u>President's Budget</u>						
Budget Authority	199.6	215.0	223.7	239.8	261.4	285.6
Outlays	199.5	215.3	223.7	239.6	261.7	285.5
<u>SBC Baseline</u>						
Budget Authority	199.6	215.7	221.6	239.7	255.3	278.7
Outlays	199.5	216.0	221.6	239.5	255.5	278.6
<u>Mark compared to:</u>						
<u>President's Budget</u>						
Budget Authority	--	0.8	2.9	5.0	-1.1	-1.9
Outlays	--	0.7	2.9	5.0	-1.1	-1.9
<u>SBC Baseline</u>						
Budget Authority	--	--	5.0	5.0	5.1	5.1
Outlays	--	--	5.0	5.0	5.0	5.1

