

October 2, 2000

Honorable Tom Bliley  
Chairman  
Committee on Commerce  
U. S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

At your request, the Congressional Budget Office has prepared the attached table showing our preliminary estimate of the changes in direct spending that would result from enacting H.R. 5291, the Beneficiary Health Improvement Act, as ordered reported by the House Committee on Commerce on September 27, 2000. This estimate is based on draft legislative language and modifications discussed with staff.

CBO estimates that enacting the bill would increase direct spending by \$1.7 billion in 2001, \$18 billion over the 2001-2005 period, and \$55 billion over the 2001-2010 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

I hope this information is helpful to you. The CBO staff contact is Tom Bradley.

Sincerely,

Dan L. Crippen

Attachment

cc: Honorable John D. Dingell  
Ranking Minority Member

October 2, 2000

**CBO ESTIMATE OF DIRECT SPENDING IN H.R. 5291, THE BENEFICIARY HEALTH IMPROVEMENT ACT, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON COMMERCE ON SEPTEMBER 27, 2000 (BASED ON DRAFT LEGISLATIVE LANGUAGE AND MODIFICATIONS DISCUSSED WITH STAFF)**

	Outlays by Fiscal Year, in Billions of Dollars										2001-	2001-
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2005	2010
Title I: Beneficiary Improvements	0.3	0.4	0.5	0.7	0.9	1.2	1.3	1.5	1.7	2.0	2.8	10.4
Title II: Other Medicare Part B Provisions	0.2	0.5	0.4	0.4	0.6	0.7	0.8	1.0	1.2	1.3	2.1	7.1
Title III: Medicare Part A and B Provisions	0.1	0.7	0.3	0.1	0.2	0.2	0.2	0.3	0.3	0.3	1.3	2.6
Title IV: Medicare+Choice Program Stabilization and Improvements	0.8	1.0	1.2	1.5	1.8	1.5	2.2	2.5	2.8	3.2	6.2	18.4
Interaction: effect of fee-for-service provisions on Medicare+Choice payments	<u>0</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.5</u>	<u>0.6</u>	<u>0.8</u>	<u>1.0</u>	<u>1.2</u>	<u>1.5</u>	<u>1.4</u>	<u>6.5</u>
Subtotal, Gross Medicare Spending	1.3	2.9	2.7	3.1	3.9	4.1	5.3	6.2	7.2	8.4	13.9	45.1
Part B Premiums	<u>-0.2</u>	<u>-0.4</u>	<u>-0.3</u>	<u>-0.4</u>	<u>-0.5</u>	<u>-0.5</u>	<u>-0.7</u>	<u>-0.8</u>	<u>-0.9</u>	<u>-1.1</u>	<u>-1.7</u>	<u>-5.8</u>
Subtotal, Net Medicare Spending	1.2	2.5	2.3	2.7	3.4	3.6	4.6	5.4	6.3	7.3	12.1	39.3
Title V: Medicaid	0.5	1.3	1.3	1.2	1.3	1.5	1.5	1.6	1.8	1.8	5.7	13.9
Interaction: effect of Medicare provisions on federal Medicaid spending	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>a</u>	<u>1.2</u>
Subtotal, federal Medicaid	0.5	1.2	1.2	1.3	1.4	1.6	1.8	1.9	2.0	2.1	5.7	15.1
Title VI: State Children's Health Insurance Program	a	a	a	a	a	-0.1	a	0.1	0.1	a	0.2	0.3
Title VII: Extension of Special Diabetes Grant Programs	0	0	a	0.1	0.1	0.1	0.1	0.1	a	a	0.2	0.5
Total, Changes in Direct Spending	1.7	3.8	3.6	4.0	5.0	5.2	6.5	7.4	8.4	9.4	18.2	55.2

a. Costs or savings less than \$50 million.