

Draft Offset List

- Along with the draft recommendations discussed on September 15, the Commission is offering a set of savings proposals for the purpose of assisting the Congress in offsetting the budgetary cost of the SGR repeal under consideration by the Commission (attached). The items on the list are preliminary and subject to change based on Commissioner discussion. The projected savings amounts are unofficial, based on MedPAC staff estimates, and subject to change.
- The proposals are divided into two tiers. Tier I – about \$50 billion – contains proposals that have been recommended by the Commission in previous reports or comment letters. Tier II – about \$180 billion – contains proposals informed by outside groups (e.g., HHS OIG, CBO options) and MedPAC staff analysis. The Commission has not voted on or recommended the items on the Tier II list. The exclusion of policies from this list should not be construed as a statement of MedPAC’s position on such policies.
- In the statute creating MedPAC, the Congress charges the Commission with reviewing Medicare policies, including their relationship to access and quality of care for Medicare beneficiaries. Therefore, all of the offsets being considered by MedPAC are Medicare policies; the Congress could choose to employ other savings or revenue offsets including those from outside of Medicare.

Draft Offset List

Tier I: MedPAC work		5 year savings (\$ in billions)	10 year savings (\$ in billions)	Reference
1	Copayment for home health episode	2	4	MedPAC March 2011
2	Hospital update of 1% for 2012 and DCI recovery	7	14	MedPAC March 2011
3	Dialysis update of 1% for 2012	0	1	MedPAC March 2011
4	Hospice update of 1% for 2012	1	2	MedPAC March 2011
5	Apply the competitive bidding offset to all competition-eligible DME categories starting in 2012	2	2	MedPAC June 2003
6	Apply the competitive bidding offset to the DME categories never subject to competitive bidding	3	8	MedPAC June 2003
7	Repeal MA quality bonus demonstration	6	6	MedPAC comment letter, 2011
8	Rebase HH in 2013 and no update in 2012	5	10	MedPAC March 2011
9	No IRF update in 2012	0	1	MedPAC March 2011
10	No LTCH update for 2012	0	1	MedPAC March 2011
11	Raise the compliance threshold for IRFs to 75%	1	3	MedPAC comment letter, 2003
12	ASC update of 0.5% for 2012 and report on cost and quality	0.1	0.1	MedPAC March 2011
13	Program integrity: prior authorization for imaging by outlier physicians	0	0.1	MedPAC June 2011
Subtotal, MedPAC work		27	52	

Tier II: Other Medicare		5 year savings (\$ in billions)	10 year savings (\$ in billions)	Reference
14	Part D LIS cost sharing policy to encourage substitution	6	17	Staff
15	Apply an excise tax to medigap plans	5	12	CBO: Budget Options 2008
16	Program integrity: pre-payment review of power wheelchairs	0.1	0.2	PB 2012, HHS OIG
17	Require manufacturers to provide Medicaid-level rebates for dual eligibles	25	75	CBO: Budget Options 2011
18	Bundled payment for hospital and physician during the admission	0	1	CBO: Budget Options 2008
19	Pay E&M visits in hospital outpatient departments at physician fee schedule rates	5	10	Staff
20	Reduce payments by 10% for clinical lab services	8	21	Staff
21	Risk-adjustment validation audits in the Medicare Advantage program	2	3	PB 2012
22	Bring employer group plan bids closer to other MA plan bids	0	1	Staff
23	Hold the trust funds harmless for MA advance capitation payments	2	3	HHS OIG
24	Give the Secretary the authority to apply a least costly alternative policy	0	1	Staff
25	Additional reductions through competitive bidding or fee schedule reductions to payments for home oxygen	3	5	HHS OIG
26	Rebase SNF	10	23	Staff
27	Apply readmissions policy to SNFs, HH, LTCHs, and IRFs	1	4	Staff
28	Reduce hospice rates in nursing homes by 6%	1	3	HHS OIG
29	Program integrity: validate physician orders for high cost services	0	2	PB 2012
Subtotal, Other Medicare		68	181	
Total, Tier I and Tier II		95	233	

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