

The Federal Budget Politics – Process - Proposals

G. William Hoagland

September 26, 2011

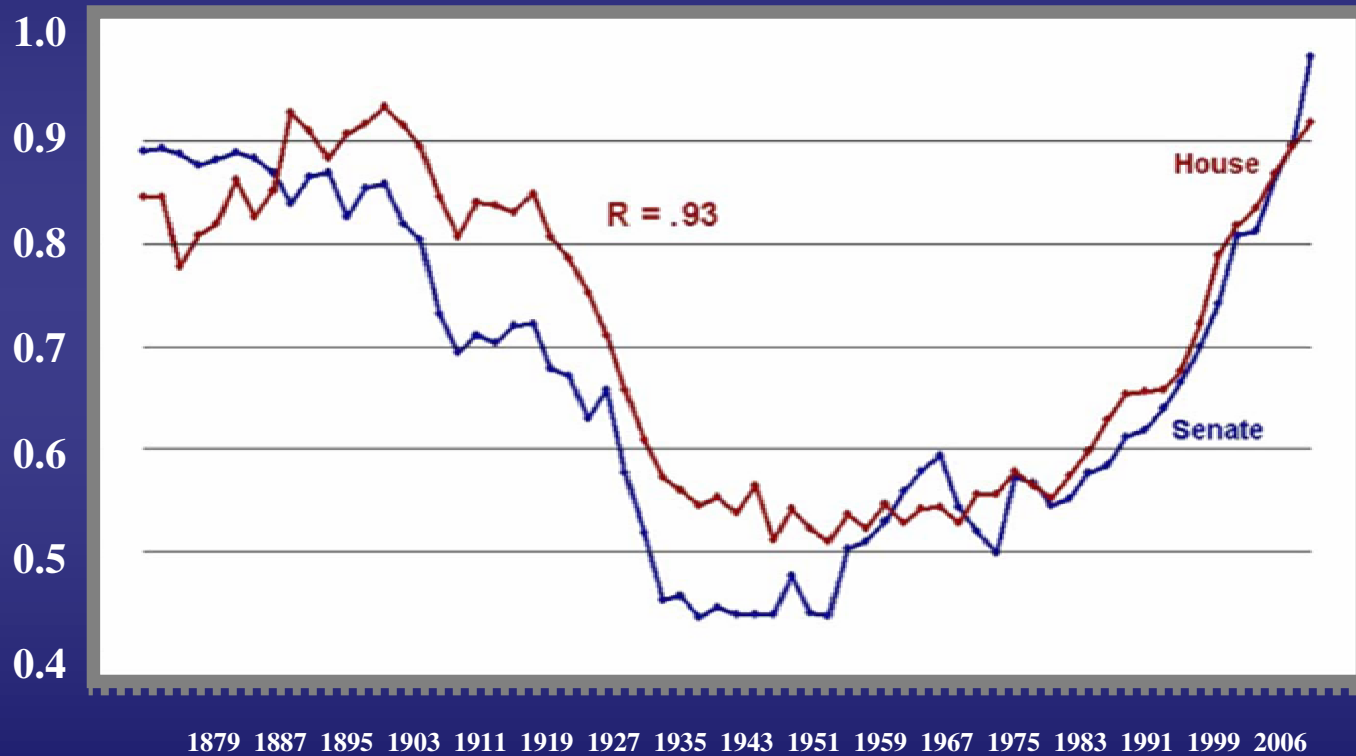
Political Setting



Party Polarization 1879-2006

Distance Between the Parties First Dimension

Distance Between the Parties

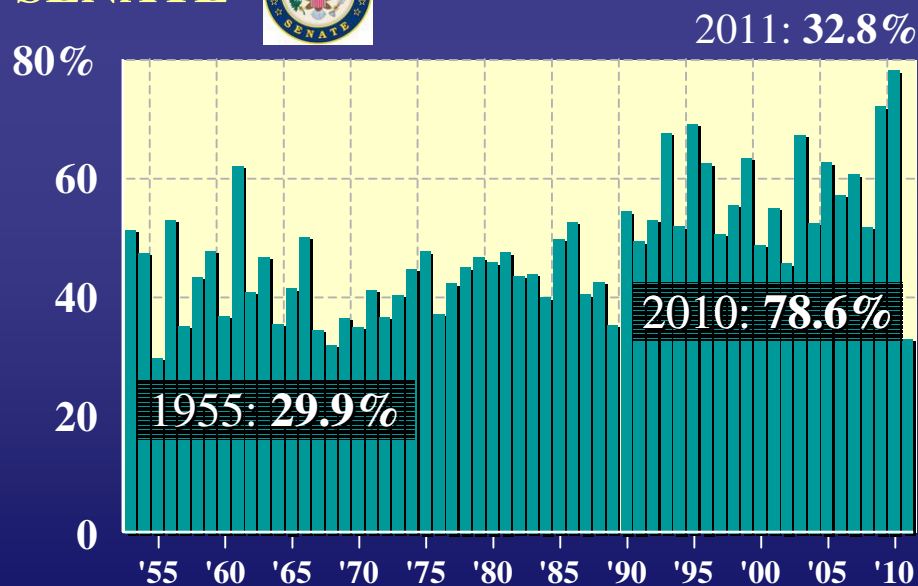


Source: Polarized America, The Dance of Ideology and Unequal Riches. McCarty, Poole, and Rosenthal. MIT Press, June 2006

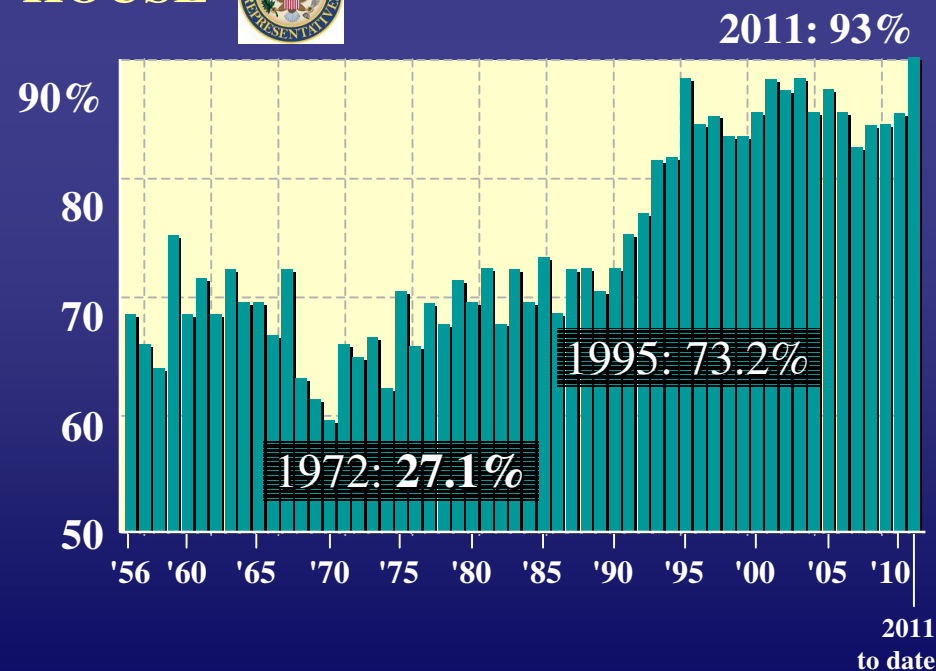
Votes Dividing the Parties

Charting votes on which a majority of one party opposes a majority of the other shows that partisanship has been rising for decades; Senate agreements this year have kept it at bay.

SENATE



HOUSE





U.S. Congress: 112th

September 2011



U.S. Congress	House			Senate		
	D	R	Margin	D+I	R	Margin
112 th (2011-2012)	191 Vacant 1	243	R + 51	53	47	D/I + 6

Political Environment 2012 Elections:

33 U.S. Senate Elections – 23 D and 10 R

Ratings Based on Polls as of May 13: S = Solid P = Probable L = Lean TU = Toss Up

Incumbent Republicans (7)

Barrasso (WY) **S**
Brown (MA) **TU**
Corker (TN) **S**
Hatch* (UT) **S**
Lugar (IN) **P**
Snowe* (ME) **P**
Wicker (MS) **S**

Incumbent Democrats (17)

Brown (OH) **L**
Cantwell (WA) **P**
Cardin (MD) **S**
Carper (DE) **S**
Casey (PA) **P**
Feinstein (CA) **S**
Gillibrand (NY) **S**
Klobuchar (MN) **S**
Manchin (WV) **TU**
Menendez (NJ) **S**
McCaskill (MO) **TU**
Nelson (FL) **L**
Nelson (NE) **TU**
Sanders (VT) **S**
Stabenow (MI) **P**
Tester (MT) **TU**
Whitehouse (RI) **S**

Retiring Republicans (3)

Heller/Ensign (NV) **TU**
Hutchison (TX) **P**
Kyl (AZ) **P**

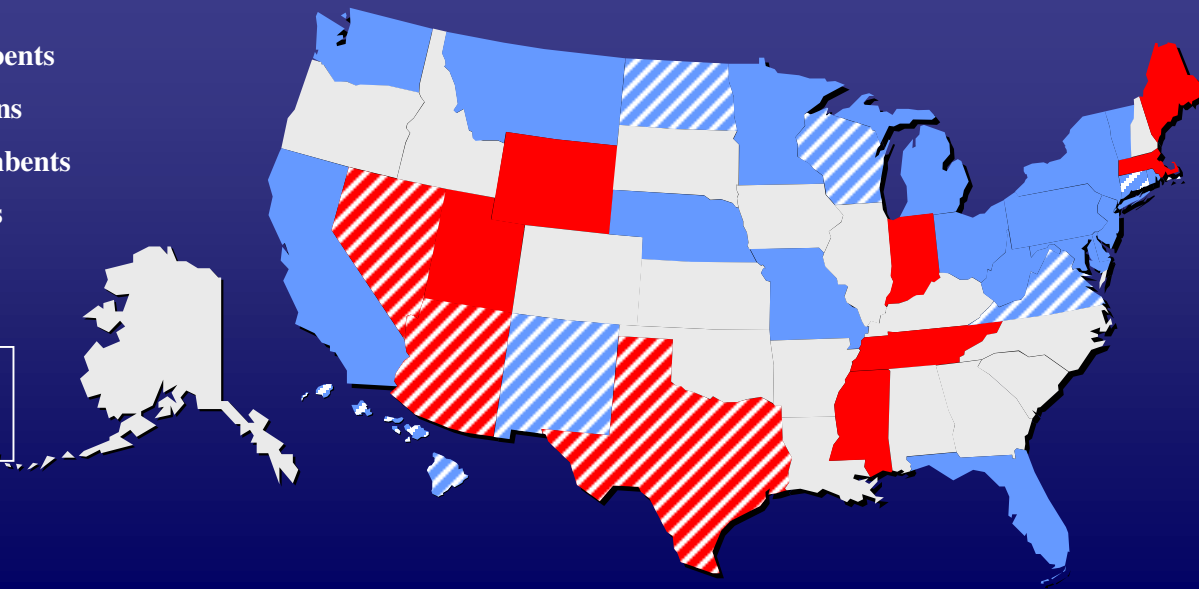
Retiring Democrats (6)

Akaka (HI) **S**
Bingaman (MN) **TU**
Conrad (ND) **Likely R**
Kohl (WI) **TU**
Lieberman (CT) **P**
Webb (VA) **TU**

- 7 Republican Incumbents
- 3 Retiring Republicans
- 17 Democratic Incumbents
- 6 Retiring Democrats
- No election

Cook Political Report

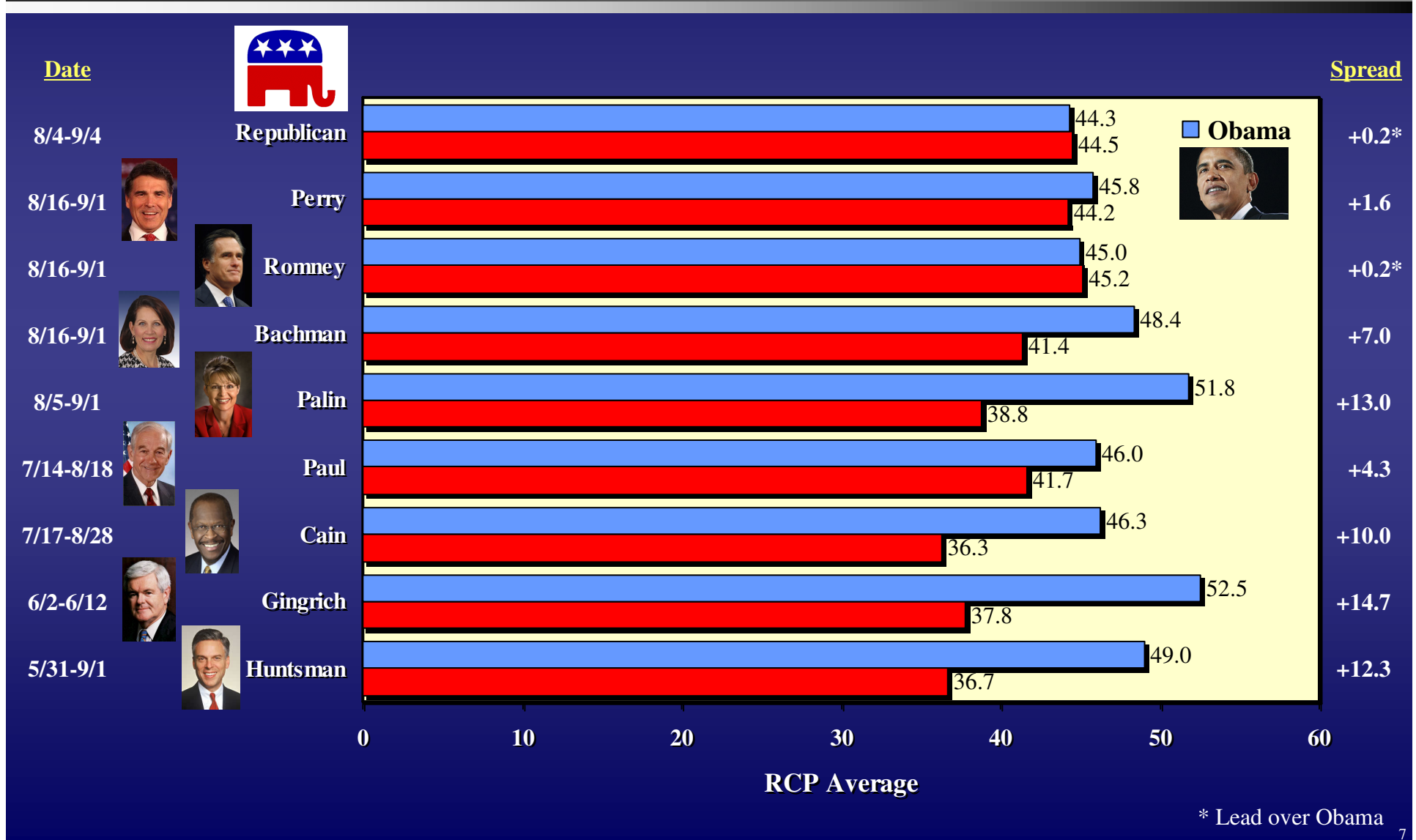
September 8, 2011



President Obama vs. Republican Candidates

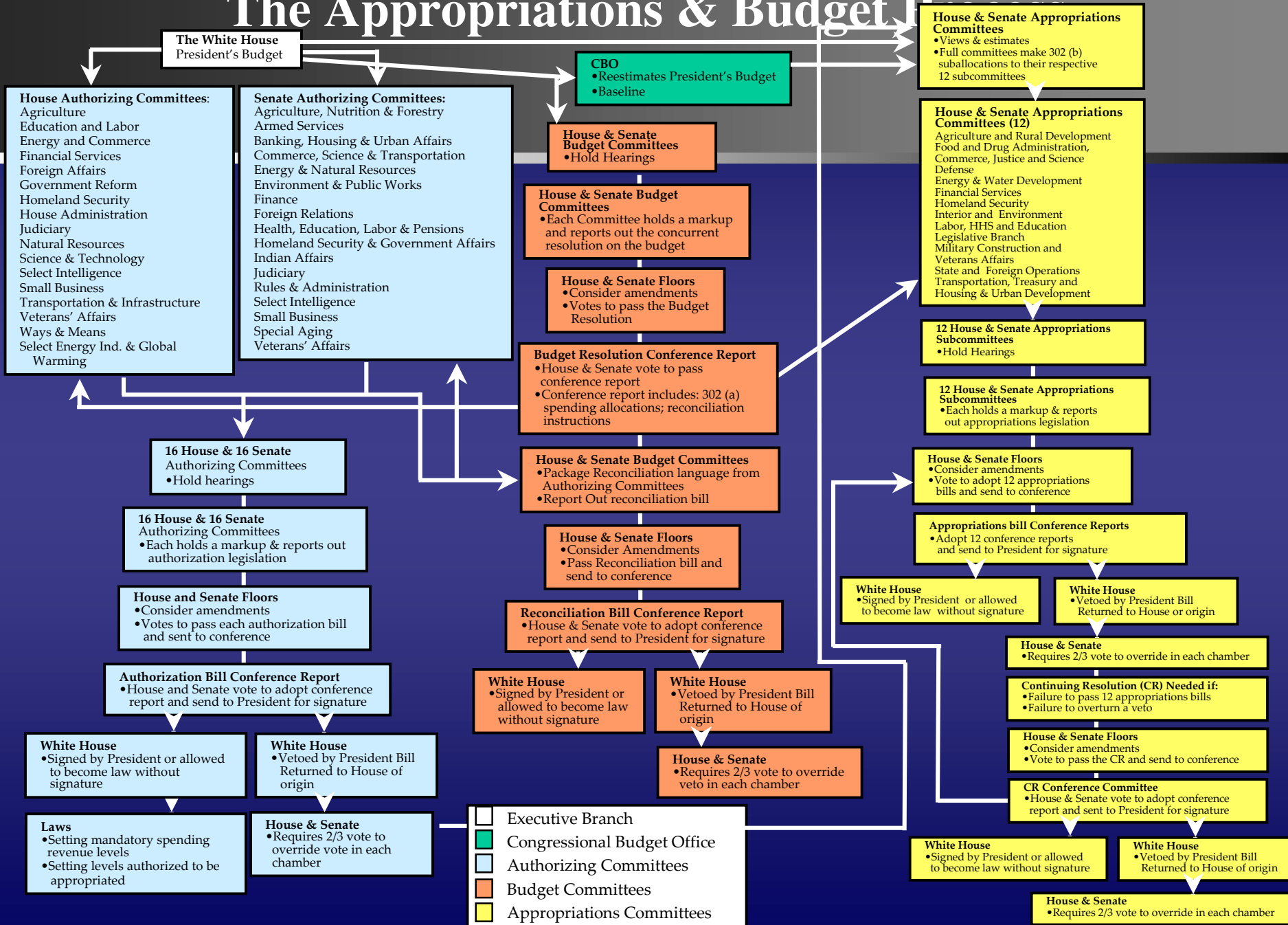
Real Clear Politics Poll

General Election



Budget Outlook

The Appropriations & Budget Process



Economic Forecasts

Calendar Years 2011 – 2012

(GDP Fourth Qt to Fourth Qt % Δ GDP; CPI Year-over-Year % Δ)

	Forecast 2011	Forecast 2012
Real GDP Growth		
– Administration	+ 2.4%	+ 3.2%
– CBO	+ 2.3%	+2.7%
– Blue Chip	+ 1.6%	+ 2.7%
Inflation (CPI)		
– Administration	+ 2.8%	+1.8%
– CBO	+ 2.9%	+ 1.5%
– Blue Chip	+ 3.0%	+ 2.2%
Unemployment Rate		
– Administration	8.8%	8.3%
– CBO	9.4%	8.4%
– Blue Chip	9.0%	8.7%
10 Year Note		
– Administration	3.4%	3.8%
– CBO	3.3%	3.2%
– Blue Chip	3.2%	3.2%

Sources: Congressional Budget Office, August 2011 ; Blue Chip Economics Forecasts, August 2011; Administration FY2012 Mid-Session Update, September 2011.



Budget Outlook

FY 2010 – 2015

(In Billions of Dollars – % of GDP)



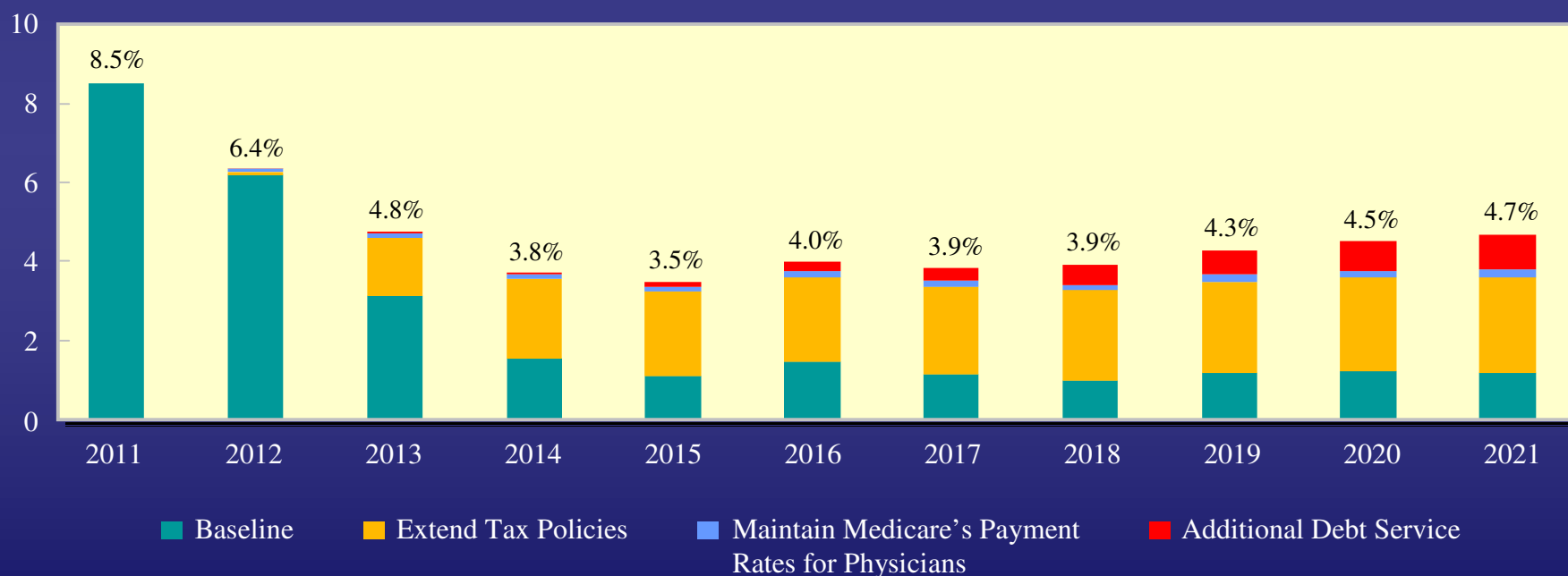
	2010 Actual	2011 Est	2012 Proj →	2013	2014	2015	2016	% Δ annual 2011-2016
Receipts	2,163	2,314	2,635	3,069	3,423	3,665	3,847	+ 10.7 %
Spending	3,456	3,597	3,609	3,692	3,803	3,988	4,249	+ 4.2 %
Deficits*	1,294	1,284	973	623	380	322	402	NA
% of GDP	8.9%	8.5%	6.2%	3.9%	2.2%	1.8%	2.1%	NA
Public Debt**	9,019	10,164	11,153	11,773	12,148	12,463	12,840	+ 4.8%
% GDP	62%	67%	71%	73%	72%	69%	67%	
Debt Subject Limit**	13,511	14,779	15,910	16,646	17,162	17,664	18,261	+ 4.39%
% GDP	93%	98%	102%	103%	101%	97%	96%	

Sources: Congressional Budget Office. *The Budget and Economic Outlook: An Update*, August 2011. * = Excluding Effect of Provisions Related to Joint Select Committee on Deficit Reduction. ** = Includes Effect of Provisions Related to Joint Select Committee on Deficit Reduction.

Deficit Assuming Continuation of Certain Policies

Under CBO's baseline assumptions, deficits would drop from 8.5% of GDP this year to 1.2% of GDP in 2021. However, deficits would not fall as far if certain policies were continued. CBO estimates that the deficit would be 4.7% of GDP if those policies remained in place

Percentage of GDP



Source: Congressional Budget Office.

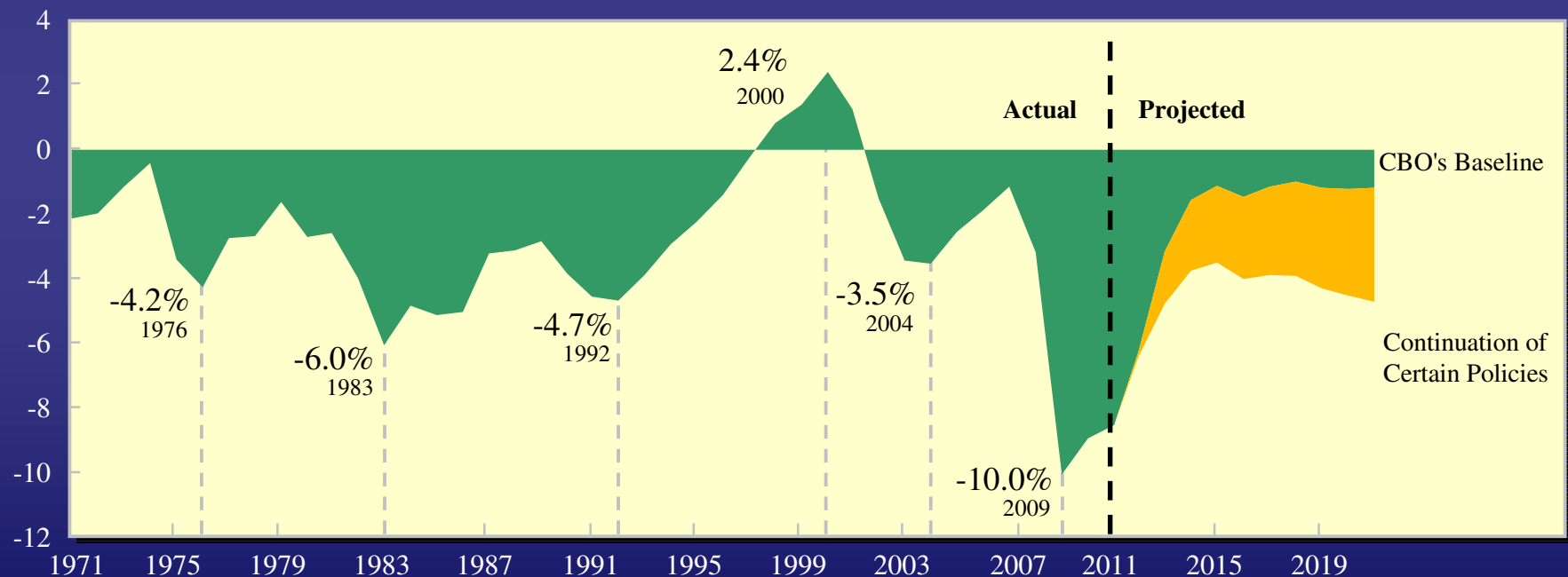
Note: "Extend Tax Policies" reflects the following policy assumptions: Most of the provisions in the 2010 tax act that were originally enacted in 2001, 2003, 2009, and 2010 are extended (instead of being allowed to expire on December 31, 2012, as scheduled), and the alternative minimum tax is indexed for inflation. "Maintain Medicare's payment Rates for Physicians" involves preventing the nearly 30 percent reduction in Medicare's payment rates for physicians' services that is scheduled to take effect at the end of 2011.

"Additional Debt Service" is the amount of interest payments on the additional debt issued to the public that would result from the continuation of the specified policies.

Total Deficits or Surpluses

If some of the changes specified in current law did not occur and certain current policies were continued instead, then annual deficits from 2012 through 2021 would be much higher—averaging 4.3% of GDP, compared with 1.8% in CBO's baseline projections.

Percentage of GDP



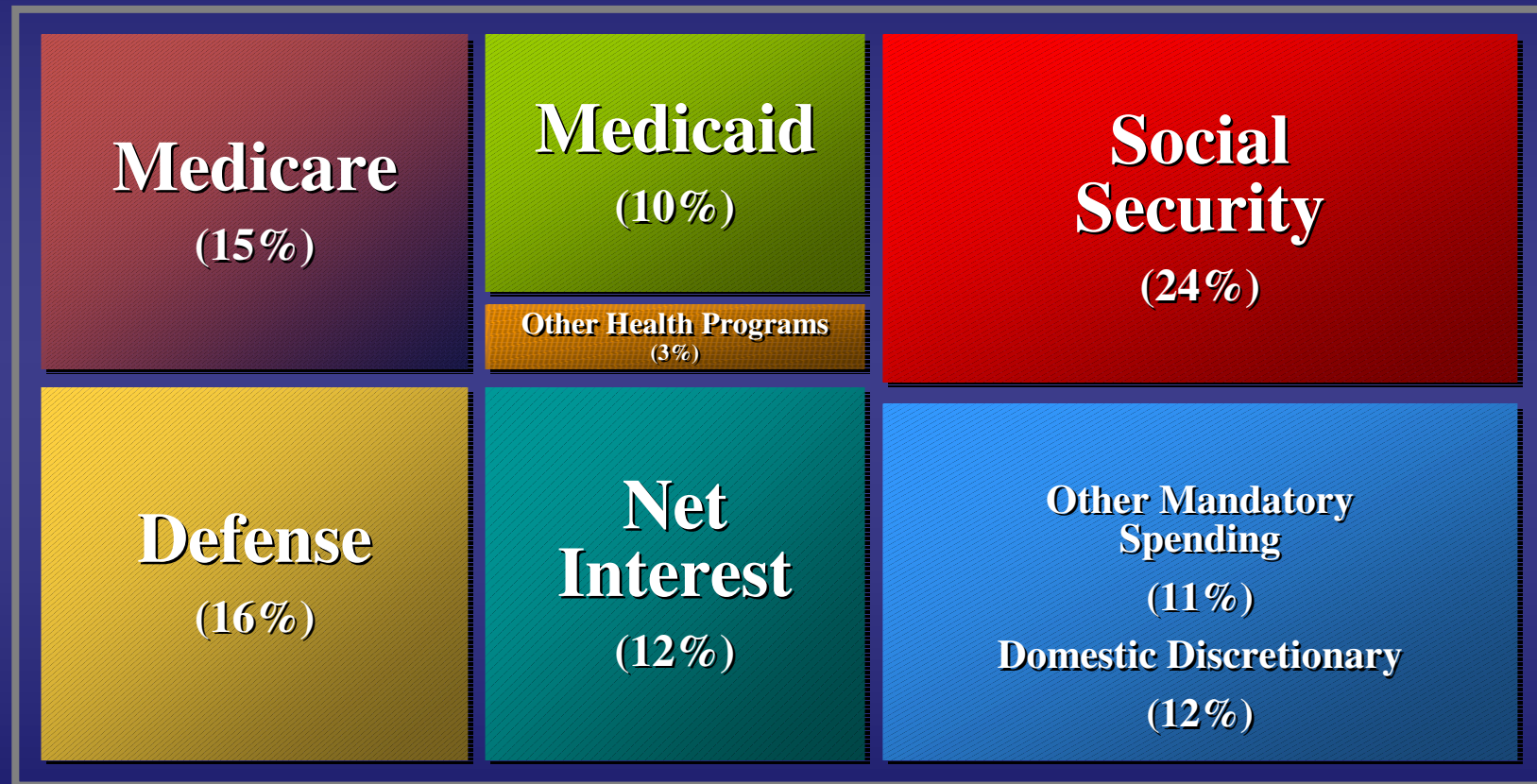
Source: Congressional Budget Office.

Note: The projected deficit with the continuation of certain policies is based on several assumptions: First, that most of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 that originally were enacted in 2001, 2003, 2009, and 2010 do not expire on December 31, 2012, but instead continue; second, that the alternative minimum tax is indexed for inflation after 2011; and third, that Medicare's payment rates for physicians are held constant at their 2011 level.



Federal Spending Projected for 2021

CBO -- August 2011 Est.

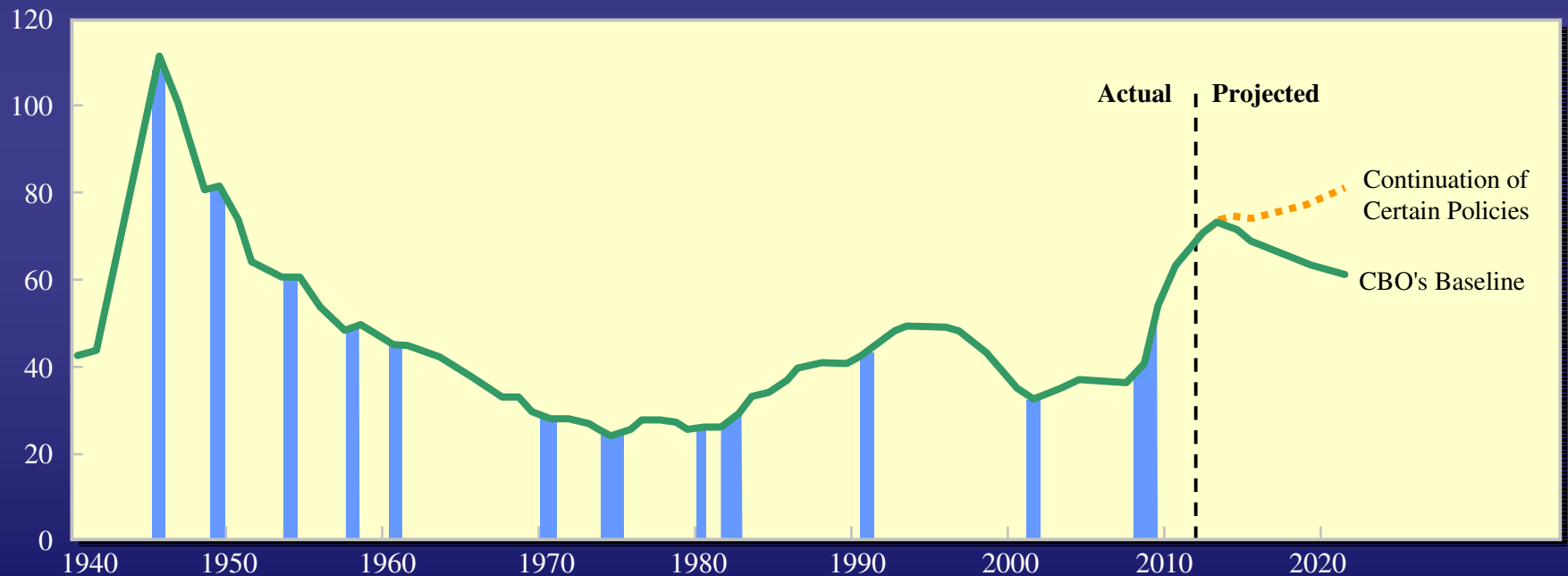


“Other Health Programs” includes: Health insurance subsidies, exchanges, and related spending; Department of Defense Medicare-Eligible Retiree Health Care Fund (including TRICARE for Life); Children’s Health Insurance Program, and other programs.

Federal Debt Held by the Public

With modest deficits projected for the latter part of the 2012–2021 period under CBO’s current-law baseline, debt held by the public recedes as a percentage of GDP. However, if certain provisions that are part of current law did not expire as scheduled, debt held by the public would rise to 82% of GDP by the end of 2021, which would be the highest level since 1948.

Percentage of GDP



Source: Congressional Budget Office.

Note: The projected debt with the continuation of certain policies is based on several assumptions: First, that most of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 that originally were enacted in 2001, 2003, 2009, and 2010 do not expire on December 31, 2012, but instead continue; second, that the alternative minimum tax is indexed for inflation after 2011; and third, that Medicare’s payment rates for physicians are held constant at their 2011 level. Shaded bars indicate periods of recession.

Joint Select Committee on Deficit Reduction



Joint Select Committee on Deficit Reduction Members



House of Representatives



Jeb Hensarling
(Texas)
Co-Chair

- 5th Term/Elected 2002
- Conference Chairman
- Republican Study Committee
- Finance Services
- **NO – PPACA**
- YES - BCA



James Clyburn
(South Carolina)

- 10th Term/Elected 1992
- Asst. Minority Leader
- Democratic Steering & Policy Committee
- **YES – PPACA**
- YES – BCA



Dave Camp
(Michigan)

- 11th Term/Elected 1990
- Chairman Ways & Means
- Republican Steering Committee
- **NO – PPACA**
- YES - BCA



Xavier Becerra
(California)

- 10th Term/Elected 1992
- Caucus Vice Chairman
- Democratic Steering & Policy Committee
- Ways & Means
- **YES – PPACA**
- NO – BCA



Fred Upton
(Michigan)

- 13th Term/Elected 1986
- Chairman Energy & Commerce Committee
- Republican Steering Committee
- **NO – PPACA**
- YES – BCA



Chris Van Hollen
(Maryland)

- 5th Term/Elected 2002
- Ranking Budget Committee
- Democratic Steering & Policy Committee
- **YES – PPACA**
- YES – BCA



Jon Kyl
(Arizona)

- 3rd Term/Elected 1994
- Assit. Minority Leader
- Finance, Judiciary
- **NO – PPACA**
- YES – BCA
- Retiring end of 2012



Pat Toomey
(Pennsylvania)

- 1st Term/Elected 2010
- Budget, Approp, Banking
- Former President Club for Growth
- NO – BCA
- **NA - PPACA**



Rob Portman
(Ohio)

- 1st Term/Elected 2010
- Budget, Energy, Armed Services, Homeland Security
- Former OMB Dir. Budget Committee
- YES – BCA
- **NA - PPACA**



Patty Murray
(Washington)
Co-Chair

- 4th Term/Elected 1992
- Democratic Conference Chairman
- DSCC Chairman
- Budget, Approp, HELP
- **YES – PPACA**
- YES - BCA



Max Baucus
(Montana)

- 6th Term/Elected 1978
- Chairman Finance
- Finance, E&PW, Ag
- **YES – PPACA**
- YES - BCA



John Kerry
(Massachusetts)

- 5th Term/Elected 1984
- Chairman Foreign Relations
- Foreign Relations, Finance, Approp, Commerce
- **YES – PPACA**
- YES - BCA

The Budget Control Act of 2011

Timeline for Debt Increases & Joint Select Committee on Deficit Reduction

The final measure sets in motion a plan to raise the debt ceiling in three steps. A look at what comes next:

RAISING THE DEBT CEILING

IMMEDIATELY **+\$400 billion**

The measure immediately grants the Treasury \$400 billion in additional borrowing authority.

August 16 members
appointed to Special Fiscal
Committee

2011



☒ or ☒

IN COMING MONTHS **+\$500 billion**

An additional \$500 billion will come in the fall.

Congress could vote to disapprove the rise, but the president could veto their resolution and it would require two-thirds of both chambers of Congress to override his veto.



☒ or ☒

EARLY NEXT YEAR **+\$1.2 trillion**

The final increase – also subject to the congressional vote and presidential veto process – provides the Treasury with enough borrowing power to pay the bills into early 2012.

2012

2013

AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY		JANUARY
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REDUCING THE DEFICIT

BY OCT. 1

Spending limits begin. About \$917 billion over the next decade, starting with a \$21 billion reduction in the fiscal year that will begin in October.

BY THANKSGIVING

A second stage of reductions will come later this year, with the special committee finding \$1.2 trillion more over the next decade. The committee must recommend a plan by Nov. 23.

BY DEC. 23

House and Senate vote. Each chamber needs to consider the special committee's proposal on an up-or-down basis without any amendments.



☒ or ☒

BY DEC. 31

Congress needs to vote by the end of the year on a balanced budget amendment to the Constitution. The measure would need a two-thirds vote in each chamber, and then ratification by 38 states, to succeed.



☒ or ☒

JAN. 1, 2013

If the special committee does not act – or if Congress does not adopt its recommendations – government spending would be cut across the board by \$1.2 trillion over 10 years, with the reductions split 50-50 between domestic programs and defense.

“Super” Committee Procedure

Super Committee Must Submit Legislation Identifying \$1.2 Trillion in Deficit Reduction by November 23

Yes



**Legislation
Fast-Tracked
Through Congress**

(no amendments or filibusters)

No



**Automatic Cuts are
“Triggered” for
FYs 2013-2021**

50% Defense/50% Non-Defense

**Excl. Medicaid, Social Security;
limits Medicare cuts to 2%**

Process Ends

Post “Super” Committee Reporting

**Congress and President
Must Approve Legislation by December 23**

**Yes, saves at
least
\$1.2 trillion**



Process Ends

**Yes, but
does *not*
save all
\$1.2 trillion**



**Achieve Balance of
Savings via
Across-the-Board Cuts
FYs 2013-2021**

50% Defense/50% Non-Defense

Excl. Medicaid, Social Security; limits
Medicare cuts to 2%

Process Ends

**No
Agreement**



**Automatic Cuts are
“Triggered” for
FYs 2013-2021**

Excl. Medicaid, Social Security;
Medicare cuts to 2% (\$123 b)
10% atb defense (\$492 b)
7.8% atb nondefense (\$322 b)
7.8% atb entitlement (\$47 b)

Process Ends

Comparison of Discretionary Levels
(non-emergency, non-war discretionary BA in billions of dollars)

	<u>2011</u> ¹	<u>2012</u>	<u>2013</u>	<u>2012-11</u>
Budget Control Act ²	1,050	1,044	1,048	-6
<i>security</i> ³	689	684	686	-5
<i>non-security</i>	361	360	362	-1
Baseline Extrapolation ⁴	1,050	1,087	1,109	37
<i>security</i>	689	702	716	13
<i>non-security</i>	361	385	392	24
President's Request ⁵	1,050	1,129	1,153	80
<i>security</i>	689	721	743	32
<i>non-security</i>	361	408	410	47
House-Passed	1,050	1,019	1,028	-30
<u>Budget Control Act Less:</u>				
Baseline Extrapolation	—	-43	-61	
<i>security</i>	—	-18	-30	
<i>non-security</i>	—	-25	-30	
President's Request	—	-85	-105	
<i>security</i>	—	-37	-57	
<i>non-security</i>	—	-48	-48	
House-Passed	—	24	20	
<i>security</i>				
<i>non-security</i>				

¹ 2011 Full-year appropriations (HR 1473) as scored at time of enactment

² Budget Control Act discretionary spending limit; includes program integrity adjustments for Continuing Disability Reviews and Redeterminations, and Health Care Fraud and Abuse Control

³ The security category comprises discretionary appropriations for the Departments of Defense, Homeland Security, and Veterans Affairs; the National Nuclear Security Administration; the intelligence community management account; and all budget accounts in budget function 150 (international affairs).

⁴ CBO estimate of March 2011 discretionary baseline, adjusted for the extrapolation of full-year appropriations for 2011 (HR 1473, PL 112-10); allocates all of 2011 A-T-B Rescission to the non-security category.

⁵ For comparability, the non-defense category is adjusted to include OMB's estimate of the effect of the President's budget proposal to reclassify most surface transportation programs from discretionary to mandatory.

Absent
agreement on
\$1.2 trillion
deficit
reduction by
Dec 23: a
10% atb cut
to defense
and a 8-9%
atb cut to
nondefense
beginning in
2013.







Policy Options



Living Within Our Means and Investing in the Future

The President's Plan for Economic Growth and Deficit Reduction




September 19, 2011

POLICY	The President's Proposal: Select Joint Committee Recommendations 2012-2021 Estimates
Fiscal Measures 	<ul style="list-style-type: none"> • In 2020 – 73.4% Debt to GDP • In 2020 – spending xx GDP • In 2020 – revenues xx GDP • In 2020 – deficit 2.4% GDP
Economic Recovery 	<ul style="list-style-type: none"> • American Jobs Act – payroll taxes cut in half -- + \$68.7 billion • Teacher and First Responder support and School Modernization -- + \$ 65.0 billion • Surface Transportation -- + \$ 50.0 billion • Infrastructure Bank /Rehab Vacant Property -- + \$ 25.0 billion
Tax Expenditures 	<ul style="list-style-type: none"> • Reduce value of itemized deductions and other tax preferences to 28% (+ \$ 410 billion) • Eliminate Oil and Gas Tax Preferences (+ \$51 billion) • Eliminate depreciation for corporate purchases of aircraft (+ \$ 5 billion) • Close Business Loopholes and Broaden the Business Tax Base (+ \$ 74 billion) • U.S. International Tax System (+ \$ 112.6 billion)
Revenues 	<ul style="list-style-type: none"> • Raise in total + \$1.6 trillion over decade • Allow 2001 and 2003 high-income tax cuts and estate tax cuts to expire (+ \$ 866 billion)
Domestic Discretionary 	<ul style="list-style-type: none"> • Subsumed in action to date -- \$1.349 trillion
Defense 	<ul style="list-style-type: none"> • Subsumed in action to date included above.

Living Within Our Means and Investing in the Future

The President's Plan for Economic Growth and Deficit Reduction






September 19, 2011

POLICY	The President's Proposal: Select Joint Committee Recommendations 2012-2021 Estimates	
Health 	<ul style="list-style-type: none"> • Total Health Care (- \$320.0 billion) • Drug Rebates (- \$ 135.0 billion) • Pharmaceutical savings (- \$ 11.3 billion) • Medicaid: State provider tax threshold (- \$ 50.0 billion) • Raises Medicare premiums/deductibles/ Increase income-related premiums (- \$ 24.0 billion) • Medicare Providers (- \$75.6 billion) • Strengthens IPAB • Fraud and Abuse (- \$ 11.7 billion) 	
Social Security 	<ul style="list-style-type: none"> • No changes 	
Other Spending 	<ul style="list-style-type: none"> • Reforms agriculture (- \$ 33.0 billion) • Reforms military retirement • Reforms civilian retirement (- \$ 41.0 billion) • Government liabilities and operations: Fannie and Freddie fees, Aviation fees (- \$ 93 billion) • UI (- \$ 63.0 billion) 	

The National Commission on Fiscal Responsibility: Moment of Truth

The Bipartisan Policy Center : Restoring America's Future



November – December 2010

POLICY	The National Commission on Fiscal Responsibility	Bipartisan Policy Center Task Force
Consensus Fiscal Measures 	<ul style="list-style-type: none"> • ~ 11 of the 18-member supported plan • In 2020 – 65.5% Debt to GDP • In 2020 – spending 21.8% GDP • In 2020 – revenues 20.6% GDP • In 2020 – deficit 1.2% GDP 	<ul style="list-style-type: none"> • Consensus plan of a 19-member bipartisan Task Force • In 2020 -- 60% Debt to GDP • In 2020 – spending 23.0% GDP • In 2020 – revenues 21.4% GDP • In 2020 – deficit 1.6% GDP
Economic Recovery 	<ul style="list-style-type: none"> • Recommends consideration of small payroll tax relief in 2011 -- \$50 to \$60 billion. • Starts policies in 2012 	<ul style="list-style-type: none"> • Provides 1-year payroll tax holiday for approximately 125 million workers in 2011. Cost: \$640 billion. • Starts policies in 2012.
Tax Expenditures 	<ul style="list-style-type: none"> • Retains current law EITC and Child Tax Credit • Maintains current law standard deduction • Eliminates all itemized deductions • 12% non-refundable tax credit mortgage & charitable contributions • Beginning in 2018 phases out employer provided health insurance exclusion by 2038 	<ul style="list-style-type: none"> • Eliminates almost all tax expenditures. • Eliminates most tax deductions, credits and expenditures – turns EITC, child credit, charitable, mortgage, and retirement savings deductions into refundable credits • Beginning in 2018 phases out employer provided health insurance exclusion by 2028
Revenues 	<ul style="list-style-type: none"> • Cuts individual income tax rates; creates 3 brackets 12%, 22% and 28% • Cuts corporate rate to 28% • Proposes to cap revenues at 21% of GDP • Raises federal gas tax by 15 cents • Eliminates AMT, PEP and Pease 	<ul style="list-style-type: none"> • Cuts individual income tax rates; creates just 2 brackets of 15% and 27% • Cuts corporate rate to 27% (OECD average) • Imposes Debt Reduction Sales Tax of 6.5% • Eliminates the AMT
Domestic Discretionary 	<ul style="list-style-type: none"> • Proposes 4 years of cuts, then 5 years held to growth at inflation 	<ul style="list-style-type: none"> • Freezes domestic discretionary spending for 4 years, then limits growth to GDP growth
Defense	<ul style="list-style-type: none"> • Proposes 4 years of cuts, then 5 years held to growth at inflation • Reduces weapon systems, reforms compensation, cuts force structure cuts, and applies Gates' savings 	<ul style="list-style-type: none"> • Freezes defense discretionary spending for 5 years, then limits growth to GDP growth • Reduces weapon systems, reforms compensation, cuts force structure, and applies Gates' savings

The National Commission on Fiscal Responsibility: Moment of Truth

The Bipartisan Policy Center : Restoring America's Future

November – December 2010

POLICY	The National Commission on Fiscal Responsibility	Bipartisan Policy Center Task Force
Health 	<ul style="list-style-type: none"> • Medicaid: Expands managed care for dual eligibles • Institutes tort reform • Raises Medicare premiums • Strengthens IPAB Provides illustrative option of premium support • Converts FEHB program from defined-benefit to defined-contribution with support growing GDP+1 • In 2020, global cap on all federal health spending and limit growth GDP+1% • Reduces provider payments 	<ul style="list-style-type: none"> • Medicaid: Expands managed care for dual eligibles • Institutes tort reform • Raises Medicare premiums • In 2018, transforms Medicare to premium-support model, but maintains traditional Medicare as default option. Limits federal support per beneficiary to GDP+1% • Limit Medicaid growth: end federal matching payments in Medicaid by decoupling the system • Accommodates a permanent fix to the SGR mechanism • Excise tax and import tax on manufacture and importation of sweetened beverages
Social Security 	<ul style="list-style-type: none"> • Raises retirement ages slowly over time • Switches to Chained CPI • Includes state and local workers • Raises the minimum benefit and creates old age bump • Raises the cap on payroll taxes to the 90% level • Makes benefit adjustment, protecting the bottom 50% of beneficiaries 	<ul style="list-style-type: none"> • Adjusts benefit formula to account for increases in longevity (but does not raise the retirement age) • Switches to Chained CPI • Includes state and local workers • Raises the minimum benefit and creates old-age bump • Raises the cap on payroll taxes to the 90% level • Makes a modest benefit adjustment, protecting the bottom 75% of beneficiaries
Other Spending 	<ul style="list-style-type: none"> • Reforms farm programs • Reforms military retirement • Reforms civilian retirement • Imposes COLA change across government 	<ul style="list-style-type: none"> • Reforms farm programs • Reforms military retirement • Reforms civilian retirement • Imposes COLA change across government

Comparison: President Obama and Chairman Ryan FY 2012 Health Policy Proposals

President Obama

- **Medicare**
 - SGR relief thru 2013, freeze payment rates for next 10 years.
 - Strengthen IPAB with automatic sequester.
 - In 2018, strengthen IPAB with target annual Medicare spending growth per beneficiary GDP + 0.5%.
 - Limit Rx payments via Medicare purchasing power.
 - Improve patient safety via Partnership for Patients initiative.
- **Medicaid**
 - Alter Federal matching rate with a single formula
 - Close State loopholes that allow states to increase matching rates.
- **Estimated Budget Impact:**
 - 2012-2021, **Cost** + \$250 billion (CBO)

Chairman Ryan

- **Health Care General (2012)**
 - Repeal most provisions of PPACA
 - Repeal individual mandate
 - Repeal CLASS program
 - Repeal IPAB
 - No SGR relief specified
 - Retain Medicare Advantage savings
 - Medical liability reform
- **Medicare (Post 2022)**
 - Raise age of eligibility; 67 in 2033
 - Persons turning 65 in 2022 not enroll in current Medicare program but be entitled to a premium support payment (~\$8,000) indexed for CPI-U, purchase private health insurance.
- **Medicaid (2013)**
 - Block grant allocated to states, indexed for population growth and CPI-U.
- **Estimated Budget Impact:**
 - 2012-2021, Savings \$2,204 billion (CBO)

Comparison: FY 2012 Health Policy Proposals

Bowles-Simpson

- **Health Care General (2012)**
 - SGR permanent fix.
 - Repeal CLASS Act.
 - Reform Medicare cost-sharing rules.
 - Limit Rx payments via Medicare purchasing power.
 - Medical liability reform.
 - Convert FEHB defined-benefit to defined contribution with support growing GDP +1 percentage pt. Determine if FEHB premium support should be expanded to Medicare.
- **Medicare (Post 2020)**
 - Strengthen IPAB.
 - Cap and phase out tax exclusion of employer-provided health insurance
 - Global cap on all federal health care spending in 2020 to limit growth to GDP+1 percentage pt. (No policies.)
- **Medicaid**
 - Expand managed care for dual eligible.
- **Estimated Budget Impact:**
 - 2012-2021, Savings \$341 billion (NCFRR)

Domenici-Rivlin

- **Health Care General (2012)**
 - SGR permanent fix.
 - Medical liability reform.
 - Raise Part B Premiums 25 to 35%
 - Reform Medicare benefit package, e.g. annual one deductible \$560, 20% coinsurance to a max.
 - Bundle Medicare payments for Post-acute Care.
 - Excise tax 1 cent per ounce sweetened beverages.
- **Medicare (Post 2022)**
 - Transition to premium support, limit growth in per-beneficiary federal support to GDP+1 percent.
 - Maintain traditional Medicare as default.
 - Cap and phase out tax exclusion of employer-provided health insurance.
- **Medicaid (2013)**
 - Expand managed care for dual eligible.
 - Restructure Medicaid responsibilities federal and state and limit growth to GDP + 1 percentage point.
- **Estimated Budget Impact:**
 - 2012-2021, Savings -\$250 billion (BPC)

Vice President Biden Framework

(As released by House Majority Leader Cantor, July 12)

10-year Budget Savings Estimates

- Discretionary Spending \$1.1 Trillion
- Mandatory Spending \$598-685 Billion

-- Medicaid	\$100 b
-- Medicaid DME	\$ 5 b
-- SNF/Home Health	\$ 50 b
-- Medigap	\$ 53 b
-- Medical Education	\$ 14 b
-- Hospital Bad Debt	\$ 14-26 b
-- Income Means Testing	\$ 38 b
-- Clinical Labs	\$ 9-16 b
-- Miscellaneous Health	\$ 41 b
-- Non Health Mandatory	
-- Civilian and Military Retirement	\$ 47 b
-- Fannie and Freddie Fees	\$ 30 b
-- Spectrum Auction	\$ 20-25 b
-- Ag Subsidies	\$ 33 b
-- SNAP (Food Stamps)	\$ 20 b
-- Other (TriCare Drugs, FAA fees, etc.)	\$100 b

Health

\$334-353 B

Non-Health

\$264-332 B

- Interest Savings \$300 Billion
- Total \$1.9 - 2.1 Trillion