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## President Obama's Economic Growth and Deficit Reduction Plan Released

This morning, the President unveiled a \$3 trillion economic growth and deficit reduction plan which includes \$320 billion in health savings over the next decade. Specifically, the plan calls for \$248 billion in Medicare savings, 90% of which is from reducing overpayments, and \$72 billion in cuts to Medicaid. Many of the health care provider cuts included in the President's plan reflect proposals that had been agreed upon during the Biden Commission and most recently by the Democratic staff of the House Ways and Means Committee. The President's plan does not propose to raise the Medicare eligibility age from 65 to 67, a policy that was once thought to be under consideration by the White House. The plan does, however, propose benefit changes that would go into effect in 2017, such as requiring higher income beneficiaries to pay increased premiums under Part B and D and implementing a new copayment for home health services. However, the President indicated he "will veto any bill that takes one dime from the Medicare benefits seniors rely on without asking the wealthiest Americans and biggest corporations to pay their fair share."

Below is a brief summary of his health related reductions/proposals that may be of interest to the critical care community; attached is also a PDF summarizing these health components of the plan.

- Reduce graduate medical education payments to "better align with patient care costs" by reducing the indirect medical education (IME) adjustment by 10 percent beginning in FY 2013 (*projected to save approximately \$9 billion over 10 years*);
- Eliminate Medicare reimbursements to hospitals for unpaid deductibles (*\$20 billion over ten years*);
- Rebase Medicaid formula for hospitals that serve low-income and uninsured populations (*4.1 billion over ten years*);
- Simplify Medicaid payment formulas for states and update Medicaid's income definition (*\$29.5 billion over ten years*);
- Create a new home health copayment of \$100 per episode, applicable for episodes with five or more visits not preceded by a hospital or other inpatient post-acute care stay (*\$0.4 billion over ten years*);
- Extend the Medicaid drug rebate benefit to beneficiaries dually eligible for Medicare and Medicaid (*\$20 billion over ten years*); and
- Strengthen the Independent Payment Advisory Board (IPAB) by reducing the growth target which triggers action by the Board and providing the authority to consider value-based benefit design and enforcement mechanisms.

To view the President's entire deficit reduction plan, please click [here](#).

The President's proposal comes for consideration as the Super Committee continues to work towards developing a proposal that could win support in Congress. As you'll recall, the remaining timeline for the Super Committee's deliberations is as follows:

- October 14 -- Standing Committees Submit Recommendations
- November 23 -- Issue Recommendations
- December 23 -- Full Congress to Consider Recommendations

***This Special Alert is an update from The Roundtable on Critical Care Policy. For further information on the Roundtable, please visit our website at [www.CriticalCareRoundtable.org](http://www.CriticalCareRoundtable.org).***