6-9-2003

Talking Points, Finance Democrats Meeting

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Prepare one form for insertion at the beginning of each record series.
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Record Type*: Floor Statements & Congressional Records

June-2003

Talking Points for Finance Democrats Meeting

(select subject from controlled vocabulary, if your office has one)

06/09/2003
This is the last member meeting we have scheduled prior to the scheduled Thursday markup.

I wanted to let you all know about what we've heard from CBO and the changes we've made as a result of their input.

First, we received a score of about $351 billion for our proposal. That's well below the $400 billion reserve fund in the budget.

We will use the additional funds to increase the benefit level and improve the proposal overall. That's good news, as we've heard a lot of concern about the benefit gap.

The bad news from the Republican side of the aisle is that CBO assumes almost no participation in PPO plans. They told us that only 2% of beneficiaries would participate in these plans.

Which means, of course, that the score for the additional bump in payments was not very expensive.
Senator Grassley has called on Secretary Thompson to provide additional input on this matter. The CMS actuary believes that there will, in fact, be participation in the PPO plans, and Secretary Thompson will deliver that message to Republicans in their Finance members meeting.

Additional news we received was on the drug fallback plan. CBO assumed, based on the information sent over by staff, that 30% of beneficiaries would be in fallback plans.

And further, we understand from CBO that, like last year's tripartisan proposal, one-third of employers would drop retiree coverage.

There was some confusion about the policy, however, so we are trying to revise the specs and language for the fallback and send these revisions over to CBO.

Based on the scores we received, we are making changes to the bill. I'd like to walk through these changes with you now.

First, we eliminated the temporary 2% increase in payments to PPOs. So that provision is no longer part of our policy.
• Second, we increased coverage of low-income beneficiaries to 160% of poverty. That’s up from 150%.

• Third, we are revising our employer policy so that employers who provide retiree coverage get an up front payment rather than being subject to the “true out-of-pocket” policy that did not provide enough certainty for them.

• Fourth, drug benefit premiums will be geographically adjusted to reflect differences in input costs.

• In addition to these changes, we are increasing the coverage level. While we’re still waiting for CBO input, we will most likely use the additional money to narrow the coverage gap, either by increasing the cap on coverage or lowering the catastrophic level.

• Enrollment: - CBO at table - certainly in order
  - votes on all amendments
  - generics not in order
  - tax increase pay for spending above.