

## The Big Losers in Medicare Reform

Dynamic Chiropractic Staff

How and where do you cut \$270 billion out of the Medicare system? That's the challenge the US Congress faces in their effort to reduce spending over the next five years. The US Senate and the House of Representatives have each developed plans that would cut billions of dollars out of the increasing cost of Medicare expected through the year 2000. They also developed a compromise plan in conference. The following are the estimates of the Congressional Budget Office (CBO) on how those plans would affect various industries:

*Congressional Budget Office Savings Estimates  
(In Billions of Dollars - FY1996 - FY2000)*

Categories	Senate	House	Conference
Hospitals	-68.3	-58.5	-59.8
Outpatient Care	-19.6	-19.2	-19.1
HMOs (Managed Care)	-39.7	-34.2	-26.9
Hospice	- 0.6	- 0.0	- 0.5
Home Health	-17.8	-17.3	-17.0
Skilled Nursing Facilities	-10.4	-10.0	-10.0
Physicians (including DCs)	-21.6	-24.7	-21.8
Durable Medical Equipment and Orthotics & Prosthetics	- 6.2	- 3.8	- 4.1
Laboratories	- 6.0	- 6.0	- 6.0
Other Providers & Technical Adjustments	- 8.3	- 6.0	- 7.6
Beneficiaries	-67.5	-54.4	-57.1
Fraud & Abuse	- 4.0	- 2.8	- 3.5
Failsafe*	- 0.0	-33.4	-36.6
Total	-270.0	-270.3	-270.0

- The Failsafe category is the supplemental amount that the CBO estimates may be needed to attain the desired \$270 billion dollars in reductions. If the Failsafe dollars are needed, the fees of all health care industries would be reduced to meet the amount needed.

According to Donald Muse, a well known political consultant working for the American Chiropractic Association, and one of only four consultants with previous experience at the CBO, many health industries will be hurt deeply beyond the above estimates. In a report to the ACA, Mr. Muse cites larger reduction numbers that have been confirmed by Price Waterhouse, Inc. For example, according to Mr. Muse, the home health industry is expected to experience a \$40 billion reduction, rather than

the \$17 billion listed in the CBO report. The nursing home industry is expected to experience a cut closer to \$25 billion. The laboratory industry cut is expected to be closer to \$12 billion.

Needless to say, this will greatly impact almost every area of health care, and be devastating to some. For the chiropractic profession, we will not see a reduction in reimbursement, but the increases in the A2000 fee schedule over the next five years will be a little less than they would have been without these reductions. This is a much better situation than those health care industries that will experience decreases in reimbursement.

This is where we stand at press time. Anything could happen, but chiropractic is looking better than most other health care arenas.

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