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Bipartisan Budget Act of 2013/Pathway for SGR Reform Act of 2013

Noteworthy

- **Background:** The Bipartisan Budget Act of 2013 (BBA) was introduced on December 10. Sponsored by Representative Paul Ryan, the Act is the result of his negotiations with Senator Patty Murray. The BBA is not a product of the budget resolution conference committee, and the BBA is not a budget resolution. The BBA takes the form of a House amendment to the Senate amendment to H.J.Res. 59, which was the original continuing resolution (CR) that went back and forth between the House and Senate before the fiscal year 2014 government shutdown. If passed by both the House and Senate, the BBA would go to President Obama for his signature and become law. Appropriations bills would still need to be enacted by January 15 in order to avoid a government shutdown. The House passed this legislation on December 12 by a vote of 332-94. The House added a separate division, dealing with the Medicare physician payment rate and related Medicare extender policies, prior to passage on December 12. Full text of both divisions is available here.
- **Floor Situation:** According to Majority Leader Reid, the Senate will begin consideration of this legislation on Tuesday, December 17.
- **Executive Summary:** The BBA would cancel a portion of the sequester for fiscal years 2014 and 2015 by funding discretionary appropriations at $1.012 trillion in 2014 and $1.014 trillion in 2015. The bill contains direct spending decreases and revenue increases to offset this discretionary spending increase. According to CBO, the BBA would reduce deficits over 2014-23 by $22.6 billion (direct spending decreases and revenue increases total $85 billion, and that is offset by $62.4 billion in higher outlays from canceling a portion of the 2014 and 2015 sequester). Division B would, among other policies, avert the scheduled 20.1 percent Medicare physician reimbursement cut and replace it with a 0.5 percent payment increase for three months – until April 1, 2014.

Overview

The BBA would fund discretionary appropriations at $1.012 trillion in fiscal year 2014 and $1.014 trillion in fiscal year 2015. The bill is fully offset; it reduces 10-year deficits by a total of $22.6 billion.

Total 2014 discretionary funding is an increase from (1) the current law limit of $967 billion established under the post-sequester Budget Control Act; (2) the $986 billion annualized funding level contained in the current continuing resolution; and (3) the $988 billion final funding for fiscal year 2013. Total 2014 discretionary funding is a decrease from the original, pre-sequester Budget Control Act limit of $1.058 trillion. Total 2015 discretionary funding is an increase from the post-sequester BCA limit of $995 billion, but a decrease from the original, pre-sequester BCA limit of $1.086 trillion.

Under the BBA, funding for the revised security category (Function 050) is set at $520.5 billion in 2014 (an increase from $498.1 billion in current law) and $521.3 billion in 2015 (and increase from $512 billion in current law. The revised nonsecurity category, which includes all discretionary funding not included in Function 050, is set at $491.8 billion in 2014 (an increase from $469.4 billion) and $492.4 billion in 2015 (an increase from $483.1 billion).

The BBA is not an appropriations bill. The BBA sets the overall discretionary limits for security and nonsecurity spending, but future appropriations bills would need to be enacted to avoid a government shutdown in mid-January and again at the beginning of fiscal year 2015. Because the BBA sets discretionary spending levels for 2014 and 2015, a fiscal year 2015 budget resolution may be less likely to be considered, since discretionary spending levels would already be set in law.

The bill also contains many spending cuts and fee increases in order to offset the cost of increasing discretionary spending. These changes are detailed below.

Bill Provisions

Division A – Bipartisan Budget Agreement

Section 1. Short title
This Act may be cited as the "Bipartisan Budget Act of 2013".

Title I
Subtitle A
Section 101. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985
Subsection (a) amends the original Budget Control Act caps with the new proposed caps for 2014 and 2015 outline above. Subsection (b) allows the mandatory portion of the 2014 and 2015 sequesters to proceed as scheduled, including the Medicare two percent sequester. Subsection (c)

extends the mandatory sequester into years 2022 and 2023, reducing spending by $11.3 billion in 2022 and $16.8 billion in 2023. An estimate is not available for how much of this savings would come from Medicare and how much would come from other mandatory spending. Under current law, the mandatory portion of the sequester ends with 2021. Subsection (d) makes conforming amendments.

Subtitle B

Section 111. Fiscal year 2014 budget resolution

This section deems the levels contained in the BBA and in future statements by the Budget Committee chairs to be in effect for the purposes of congressional budget enforcement.

Section 112. Limitation on advance appropriations in the Senate

This section provides a Senate point of order against advance appropriations, able to be waived with a three-fifths vote. Some advance appropriations are exempted from this point of order: Employment and Training Administration; Job Corps; Education for the Disadvantaged; School Improvement; Special Education; Career, Technical, and Adult Education; Payment to Postal Service; Tenant-Based Rental Assistance; Project-Based Rental Assistance; Corporation for Public Broadcasting; and several medical accounts within the Department of Veterans Affairs.

Section 113. Rule of construction in the House of Representatives

This section allows any provisions of the House-passed fiscal year 2014 budget resolution to remain in effect for budget enforcement purposes in the House if those provisions are not superseded by the BBA.

Section 114. Additional Senate budget enforcement

Subsection (a) requires that the Senate’s pay-as-you-go scorecard balance be reduced to zero for fiscal years 2014 and 2015.

Subsection (b) keeps in effect sections 412-414 of the fiscal year 2010 budget resolution, dealing with budgetary recording procedures, including the budgetary treatment of Social Security’s discretionary administrative expenses and the treatment of the Postal Service’s discretionary administrative expenses.

Subsection (c) is a Senate deficit-neutral reserve fund for replacing sequestration over the period 2014-23. Under current law, sequestration ends with fiscal year 2021.

Subsection (d) puts into effect – in the Senate only – 57 deficit-neutral reserve funds that were included in the Senate-passed fiscal year 2014 budget resolution. The deficit neutral reserve funds that were in the Senate-passed budget resolution but were not included in this subsection are the following:

- Sec. 301. Deficit-neutral reserve fund to replace sequestration (this was restated in Sec. 114(c))
- Sec. 321. Deficit-reduction reserve fund for Government reform and efficiency
- Sec. 336. Deficit-neutral reserve fund to require State-wide budget neutrality in the calculation of the Medicare hospital wage index floor

- Sec. 337. Deficit-neutral reserve fund for the promotion of investment and job growth in United States manufacturing, oil and gas production, and refining sectors
- Sec. 342. Deficit-neutral reserve fund relating to establishing a biennial budget and appropriations process
- Sec. 343. Deficit-neutral reserve fund relating to the repeal or reduction of the estate tax
- Sec. 345. Deficit reduction fund for no budget, no OMB pay
- Sec. 346. Deficit-neutral reserve fund relating hardrock mining reform
- Sec. 347. Deficit-neutral reserve fund to end ‘‘too big to fail’’ subsidies or funding advantage for Wall Street mega-banks (over $500,000,000,000 in total assets)
- Sec. 351. Deficit-neutral reserve fund relating to ensure that any carbon emissions standards must be cost effective, based on the best available science, and benefit low-income and middle class families
- Sec. 352. Deficit-neutral reserve fund to address the eligibility criteria for certain unlawful immigrant individuals with respect to certain health insurance plans
- Sec. 355. Deficit-neutral reserve fund to restore family health care flexibility by repealing the health savings account and flexible spending account restrictions in the health care law
- Sec. 357. Deficit-reduction reserve fund for postal reform
- Sec. 358. Deficit-neutral reserve fund to broaden the effects of the sequester, including allowing Members of Congress to donate a portion of their salaries to charity or to the Department of the Treasury during sequestration
- Sec. 359. Deficit-neutral reserve fund to ensure the Bureau of Land Management collaborates with western states to prevent the listing of the sage-grouse
- Sec. 360. Deficit-Reduction Reserve Fund for Eminent Domain Abuse Prevention
- Sec. 362. Deficit-neutral reserve fund for the prohibition on funding of the Medium Extended Air Defense System
- Sec. 370. Deficit-neutral reserve fund to ensure that domestic energy sources can meet emissions rules
- Sec. 372. Deficit-neutral reserve fund for achieving full auditability of the financial statements of the Department of Defense by 2017
- Sec. 373. Deficit-neutral reserve fund relating to sanctions with respect to Iran
- Sec. 374. Deficit-neutral reserve fund to prevent restrictions to public access to fishing downstream of dams owned by the Corps of Engineers
- Sec. 375. Deficit-neutral reserve fund to address the disproportionate regulatory burdens on community banks
- Sec. 377. Deficit-neutral reserve fund to support programs related to the nuclear missions of the Department of Defense and the National Nuclear Security Administration
- Sec. 380. Deficit-neutral reserve fund to expedite exports from the United States
- Sec. 381. Deficit-neutral reserve fund relating to supporting the reauthorization of the payments in lieu of taxes program at levels roughly equivalent to property tax revenues lost due to the presence of Federal land
- Sec. 382. Deficit-neutral reserve fund to ensure that the United States will not negotiate or support treaties that violate Americans’ Second Amendment rights under the Constitution of the United States

- Sec. 384. Deficit-neutral reserve fund to uphold Second Amendment rights and prevent the United States from entering into the United Nations Arms Trade Treaty

Section 115. Authority for fiscal year 2015 budget resolution in the House of Representatives
If a fiscal year 2015 budget resolution is not agreed to by April 15, 2014, this section puts in place procedures for the House to set budgetary allocations, aggregates, and levels, including discretionary spending levels for the Appropriations Committee. This section will not apply if a fiscal year 2015 budget resolution is agreed to by both chambers.

Section 116. Authority for fiscal year budget resolution in the Senate
If a fiscal year 2015 budget resolution is not agreed to by April 15, 2014, this section puts in place procedures for the Senate set budgetary allocations, aggregates, and levels, including discretionary spending levels for the Appropriations Committee. This section will not apply if a fiscal year 2015 budget resolution is agreed to by both chambers.

Section 117. Exclusion of savings from PAYGO scorecards
This section excludes the budgetary effects of the BBA from being included in the statutory pay-as-you-go scorecard or the Senate pay-as-you-go scorecards.

Section 118. Exercise of rulemaking powers
This section states that the rules contained in Subtitle A are made as an exercise of the rulemaking power of each chamber, and each chamber reserves the right to change such rules at any time.

<u>Subtitle C</u>
Section 121. Technical corrections to the Balanced Budget and Emergency Deficit Control Act of 1985
This section makes technical corrections.

Section 122. Technical corrections to the Congressional Budget Act of 1974
This section makes technical corrections.

<u>Title II</u>
Section 201. Improving the Collection of Unemployment Insurance Overpayments
Requires states to use the Treasury Offset Program to recover unemployment compensation debt that remains uncollected one year after the debt was due. CBO reports that this will reduce deficits by $69 million over 10 years through lower direct spending of $159 million and lower revenues of $90 million.

Section 202. Strengthening Medicaid Third-Party Liability
This section reinforces current law classifying Medicaid as the payer of last resort. Any private insurer or government program (e.g., Medicare or workers compensation) responsible to pay medical costs incurred by a Medicaid patient must cover its part of the cost before Medicaid offers any compensation. The section allows states to delay or avoid paying certain claims as long as doing so does not harm patient access to medical care. It grants states the authority to

delay prenatal and preventive pediatric claim payments when a third party is responsible to reimburse the cost. It gives states additional time to collect medical child support payments when health insurance is available through a non-custodial parent. The section also allows states to recover money from certain patient liability settlements. CBO estimates this provision, which takes effect on October 1, 2014, to save $1.4 billion over 10 years.

Section 203. Restriction on access to the death master file
The Social Security Administration (SSA) maintains a database of deceased people that includes their name, date of birth, date of death, and Social Security number. The Department of Commerce sells access to this information. Users can purchase subscriptions to this database for as little as $10 per search or $995 for one year of unlimited searches. The system is often used by "[b]anks, search engines, genealogy services, and credit agencies" to verify death, but it can also be used by individuals to fraudulently claim a decedent's government benefits and tax refunds. Third party websites can subscribe to the death master file and then allow their users to access this information too, with varying security policies for displaying Social Security numbers.

This section would establish a program at Commerce to release information on individuals who have died within the last three years only to those who have a legitimate need for the information and who have safeguards in place to protect the security of the information. Fees would be charged to offset the cost of the new program, and fines would be imposed on those who improperly use or disclose this information. CBO reports that this provision would reduce deficits by $786 million over 10 years through both lower direct spending and higher revenue.

Section 204. Identification of inmates requesting or receiving improper payments
The SSA's Prisoner Update Processing System (PUPS) provides certain identifying information on prisoners (received from over 2000 state and local institutions – such as jails, prisons, or other penal institutions or correctional facilities) to federal and state agencies for the purpose of suspending or reinstating various benefits.

Subsection (a) requires these corrections organizations to report more information to the SSA, including prisoners' release dates. Subsection (b) allows PUPS data to be used by the Department of the Treasury. It allows for the re-disclosure of PUPS data to other federal-benefit paying agencies. The disclosure of PUPS data is aimed at preventing improper payments to prisoners. Subsection (c) amends the Improper Payments Elimination and Recovery Improvement Act to require agencies to check the PUPS system before they finalize federal payments. CBO reports that this provision will save $242 million over 10 years ($80 million in lower outlays and $162 million in higher revenue).

Title III
Section 301. Ultra-deepwater and unconventional natural gas and other petroleum resources
This section repeals the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Resources Research Program. It rescinds any unobligated funds appropriated for carrying out the program. The program is a public-private partnership designed to develop technologies to increase domestic oil and gas production. CBO reports that this provision will save $40 million over 10 years.

Section 302. Amendment to the Mineral Leasing Act
This section amends the Mineral Leasing Act to make permanent a two percent reduction in payments to states generated by mineral development on federal lands. It requires the amount of such reduction to be deposited into the miscellaneous receipts of the Treasury to cover any administrative costs incurred by the federal government in carrying out the program. CBO reports that this provision would reduce deficits by $415 million over 10 years.

Section 303. Approval of agreement with Mexico
This section approves the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, signed on February 20, 2012. The agreement outlines how to explore, develop, and share revenue from hydrocarbon reservoirs that cross the international maritime boundary between the U.S. and Mexico in the Gulf of Mexico. Together with Section 304, CBO reports that this section would save $25 million over 10 years.

Section 304. Amendment to the Outer Continental Shelf Lands Act
This section amends the Outer Continental Shelf Lands Act by providing the Secretary of the Interior with authority to implement the terms of any trans-boundary hydrocarbon agreement for the management of trans-boundary hydrocarbon reservoirs entered into by the President and approved by Congress. It requires the Secretary to promote domestic job creation and ensure expeditious and orderly development and conservation of domestic mineral resources. It requires the Secretary to submit such an agreement to Congress. It authorizes the Secretary to implement the Agreement between the United States of America and the United Mexican States Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico, signed on February 20, 2012.

Section 305. Federal oil and gas royalty prepayment cap
This section amends the Federal Oil and Gas Royalty Management Act to clarify that the Secretary of Interior shall not pay interest on any royalties paid by a federal lease holder that exceeds 110 percent of the amount due. CBO reports that this saves $750 million over 10 years.

Section 306. Strategic Petroleum Reserve
This section repeals the authority of the Secretary of Energy to acquire crude oil received by the federal government as an in-kind royalty payment from production on federal lands for purposes of filling the Strategic Petroleum Reserve. It repeals the authority of the Secretary to acquire crude oil produced by the federal government on federal lands for purposes of filling the SPR. It maintains the authority of the Secretary to acquire crude oil by purchase or exchange for purposes of filling the SPR. It permanently rescinds any unobligated balances in the SPR Petroleum Account. CBO reports that this section reduces 10-year deficits by $3.2 billion.

<u>Title IV</u>
Section 401. Increase in contributions to Federal Employees' Retirement System for new employees
Currently, most federal employees participating in the Federal Employee Retirement System (FERS) contribute 3.1 percent of their pay into the Civil Service Retirement and Disability Fund (CSRDF). Certain other federal employees contribute 3.4 percentage points.

Subsection (a) creates a new category of employees (“further revised annuity employee”) and defines them as people who, at the end of 2013, are: not currently covered; not performing creditable service under § 8411; and, have less than five years of creditable service. Subsection (b) requires that new federal hires who participate in FERS contribute an increase of 1.3 percent of pay as of January 1, 2014 into the CRSDF. Subsection (c) requires that agencies continue to contribute as they currently do until the CSRDF’s unfunded liability is zero. Upon elimination of this unfunded liability, agency contributions will be readjusted so that future retirement benefits are fully funded. Subsection (d) provides that benefits for certain “further revised annuity employees” accrue at a rate equal to that of “revised annuity employees.” CBO reports that this section would increase revenue by $6 billion over ten years.

Section 402. Foreign Service Pension System
This section increases the contributions participants in the Foreign Service Retirement System must make toward their future retirement benefit. CBO reports that this provision increases revenue by $50 million over 10 years.

Section 403. Annual adjustment of retired pay and retainer pay amounts for retired members of the Armed Forces under age 62
This section reduces by one percent the annual cost-of-living adjustment (COLA) for military retirees under the age of 62, taking effect December 1, 2015. When these retirees reach 62, their monthly retired pay will then be readjusted as if this COLA reduction had not taken place. They would then receive the full COLA thereafter. CBO reports that this provision will save $6.2 billion over 10 years.

Title V

Section 501. Default Reduction Program
Beginning July 1, 2014, the bill reduces the compensation a guaranteeing agency receives to rehabilitate a loan in default under the Federal Family Education Loan Program. CBO reports that this will save $2 billion over 10 years.

Section 502. Elimination of nonprofit servicing contracts
This provision eliminates mandatory spending for payments to non-profit contractors that service student loans and requires these payments to be made with discretionary funds. CBO reports that this will reduce direct spending by $3.1 billion over 10 years but additional discretionary appropriations will be approximately equal to the mandatory spending being cut.

Title VI

Sec. 601. Aviation security service fees
The aviation passenger security fee that funds some Transportation Security Administration (TSA) services is currently $2.50 per leg with a maximum fee of $5.00 per one-way trip. This section replaces this fee structure with a flat $5.60 fee per one-way trip. This section also eliminates the “aviation security infrastructure fee” currently paid by airlines. CBO reports that this will save $12.6 billion over 10 years.

Sec. 602. Transportation cost reimbursement
Current law requires the Maritime Administration (MARAD) to reimburse USDA and USAID for costs related to shipping expenses for food aid when those expenses exceed 20 percent of the total cost of the program. This section eliminates the reimbursement. CBO reports that this will save $731 million over 10 years.

Sec. 603. Sterile areas at airports
The area passengers enter after TSA screening before boarding a flight is officially known as the "sterile area." TSA has said that it would turn over monitoring of the exit out of the sterile area to each airport. This section requires TSA to continue monitoring the exits at all airports where it provided this service as of December 1, 2013.

Title VII

Sec. 701. Extension of customs user fees
This section extends the current user fees collected by Customs and Border Protection through 2023. Under current law, user fees for various customs services expire on October 22, 2021 and October 29, 2021. CBO reports that this provision will raise $6.8 billion in 2022 and 2023 compared to a current law baseline.

Sec. 702. Limitation on allowable government contractor compensation costs
This section lowers the cap on contractor pay allowable for reimbursement from $952,308 to $487,000 and revises how that cap is adjusted going forward. This is similar to section 841 of the Senate version of the FY14 Defense Authorization bill, though the final defense authorization bill set the limit at $625,000 in most instances.

Section 703. Pension Benefit Guaranty Corporation (PBGC) premium Rate increases
Starting in 2014, this section raises the premiums paid by companies to the PBGC to guarantee company pension benefits. CBO reports that this section will reduce 10-year deficits by $7.9 billion.

Section 704. Cancellation of unobligated balances
The DOJ Asset Forfeiture Fund (AFF) is used by federal law enforcement agencies to seize and collect assets related to criminal activities. Fund receipts usually exceed program needs. Currently, the unobligated balance of this fund is approximately $868 million. The Treasury Forfeiture Fund (TFF) operates for much the same purpose as the DOJ's AFF, but its focus is in the customs arena. The TFF's unobligated balances are approximately $888 million.

Section (a) cancels $693 million of the AFF balance, and subsection (b) cancels $867 million of the TFF balance.

Section 705. Conservation planning technical assistance user fees
This section amends the Soil Conservation and Domestic Allotment Act to authorize the Secretary of Agriculture to require the payment of user fees for conservation planning technical assistance as a condition for extending soil or water conservation benefits to any lands not owned or controlled by the United States. It prohibits fees in excess of $150 per conservation plan for which technical assistance is provided. It authorizes the Secretary to waive fees in certain

circumstances. The fees shall only be available through future appropriations and shall only be used for the costs of carrying out the Act. CBO reports that this would reduce 10-year deficits by $39 million.

Section 706. FEHB Program "Self Plus One Coverage" Enacted in 1959, the law creating the FEHB program only allows an employee to select health insurance coverage as either an individual (self only) or as a family (self and family).This section gives OPM authority to offer a self plus one coverage option in the Federal Employees Health Benefits (FEHB) program. CBO estimates this section saves $3 billion over 10 years.

Division B – Medicare and Other Health Provisions

Section 1101. Medicare Physician Payment Rate
This section stops a 20.1 percent cut in Medicare physician payment rates set to begin on January 1, 2014, and provides a 0.5 percent reimbursement update for three months – until April 1, 2014. CBO estimates this section will cost $7.3 billion over 10 years.

Section 1102. Extension of the Medicare Work Geographic Cost-of-Practice Indices (GPCI) Floor Medicare payments for physician services are based upon a fee schedule, intended to relate payments for a given service to the actual resources used in providing that service. There are three components of this fee schedule – liability, practice, and work. CMS defines physician work as the amount of time, skill, and intensity necessary to provide services. Each component of the fee schedule is multiplied by a geographic index designed to adjust for variations in cost. This section extends, for three months, the current 1.0 floor for locations with resource costs that fall below the national average. CBO estimates this provision to cost $100 million over 10 years.

Section 1103. Extension of Medicare Therapy Cap Exceptions Process
Medicare currently sets annual spending caps on outpatient therapy cap services a patient may receive each year. The 2013 patient therapy cap is set at $1900 for physical therapy and speech language pathology services combined. A separate $1900 cap exists for occupational therapy services. In 2006, Congress instituted a therapy cap exceptions process – allowing providers to apply for a waiver should the patient require medically necessary services. This section extends the therapy caps exceptions process, for three months, until April 1, 2014. CBO estimates this provision to cost $100 million over 10 years.

Section 1104. Extension of Medicare Ambulance Add-ons
This section extends three ambulance add-on payments: a two percent urban ground ambulance update; a three percent rural ground ambulance update; and an increase to the base rate for ambulance trips originating in "super rural" areas, as calculated by the Secretary of HHS (currently 22.6 percent). CBO estimates this provision will cost up to $50 million over 10 years.

Section 1105. Extension of Medicare inpatient hospital payment adjustment for low-volume hospitals
Section 3125, as modified by Section 10314, of the health care law temporarily relaxed the distance and volume requirements eligible hospitals must meet in order to qualify for the

enhanced Medicare low-volume payment adjustment. In order to qualify, hospitals must be located 15 or more miles from the nearest like hospital and have less than 1,600 annual Medicare discharges. This section extends current Medicare low-volume hospital payments until April 1, 2014. CBO estimates this provision to cost $100 million over 10 years.

Section 1106. Extension of Medicare Dependent Hospital (MDH) Program
Medicare Dependent Hospitals (MDHs) are classified as small, rural hospitals with 100 or fewer beds that serve a high percentage of Medicare patients. MDHs do receive higher reimbursements in the Medicare inpatient prospective payment system (IPPS). These hospitals' greater dependence on Medicare reimbursement may make them more financially vulnerable to prospective payments. This section extends the MDH program until April 1, 2014. CBO estimates this will cost $100 million over 10 years.

Section 1107. Extension of Authorization for Special Needs Plans (SNPs)
SNPs are special Medicare Advantage plans that can limit enrollment to specific Medicare patient groups: 1) people who are dually eligible for both Medicare and Medicaid; 2) people who are institutionalized; and 3) people who have severe or disabling chronic conditions. This section extends, for one year, authority for SNPs to restrict enrollment to the above groups. CBO estimates this will cost $200 million over 10 years.

Section 1108. Extension of Medicare Reasonable Cost Contracts
Medicare cost plans are private health insurance plans reimbursed for the actual cost to provide patient services. The Balanced Budget Act of 1997 mandated the reasonable cost contracts be phased out, but Congress repeatedly delayed this action. This section allows Medicare cost plans to be extended or renewed in service areas that, during the past year, operated 1) two or more MA regional plans or 2) two or more MA local plans that are offered by different organizations. CBO estimates this one year extension will cost $100 million over 10 years.

Section 1109. Funding for Consensus-based Entity Regarding Performance Measurement
This section extends existing National Quality Forum funding until performance measurement contract dollars are expended. CBO estimates this provision will cost up to $50 million over 10 years.

Section 1110. Extension of Funding Outreach and Assistance for Low-income Programs
This section extends low-income outreach and assistance program funding until April 1, 2014. Entities included are: State Health Insurance Counseling Programs; Area Agencies on Aging; Aging and Disability Resource Centers; and the National Center for Benefits Outreach and Enrollment. CBO estimates this section to cost up to $50 million over 10 years.

Section 1201. Extension of the Qualifying Individual (QI) Program
The QI program helps low-income seniors (between 120 and 135 percent of the federal poverty level) to cover their Medicare Part B premiums. This section extends the program until April 1, 2014. CBO estimates this provision will cost $200 million over 10 years.

Section 1202. Extension of Transitional Medical Assistance (TMA)
This section extends the TMA program, which helps low-income families retain their Medicaid coverage as they transition from welfare to work, until April 1, 2014. CBO estimates this provision will cost $100 million over 10 years.

Section 1203. Extension of Family-to-Family Health Information Centers (F2F HICs)
The F2F HIC program helps families with children who have special health care needs navigate the health care system so that their children can access Medicaid, SCHIP, SSI, early intervention services, private insurance and other programs. This section extends the program until April 1, 2014. CBO estimates this section will cost up to $50 million over 10 years.

Section 1204. Medicaid Disproportionate Share Hospital (DSH) Relief and Rebase
This section repeals the Affordable Care Act's scheduled 2014 Medicaid DSH reductions and delays the law's scheduled 2015 reductions for one year. This section also rebases the Medicaid DSH allotments for fiscal year 2023 based on a states' actual 2022 allotment. CBO estimates this provision to save $3.9 billion over 10 years.

Section 1205. Medicare Sequester Realignment in 2023
The sequester savings are calculated based on a calendar year; however the CBO scores legislation on a fiscal year basis. This section effectively realigns the 2023 Medicare sequester. The scheduled 2 percent Medicare provider payment reduction in that year will instead be replaced with a 2.9 percent cut during the first six months of the calendar year and a 1.11 percent cut in the second six months of the calendar year. CBO estimates this provision to save $2.1 billion over 10 years

Section 1206. New Criteria for Long Term Care Hospital (LTCH) Payments and the 25 Percent Rule
This section sets site neutral LTCH patient criteria. Specifically, the provision clarifies that a patient who stays more than three days in an intensive care unit or is on a ventilator qualifies for the higher IPPS payment rate traditionally received by LTCHs. All other cases will be reimbursed at the same level as an inpatient facility stay. This section also delays implementation of the "25 percent rule" for three years and reinstates the moratorium on new LTCHs and the expansion of existing LTCHs. CBO estimates this provision to save $3 billion over 10 years.

Administration Position

The Administration supports passage of the Bipartisan Budget Act.

Cost

CBO reports that Division A, the Bipartisan Budget Act, would reduce deficits over 2014-2023 by $22.6 billion. Direct spending decreases and revenue increases total $85 billion, offset by

$62.4 billion in higher outlays from canceling a portion of the 2014 and 2015 sequester. CBO reports that Division B, the Pathway for SGR Reform Act of 2013, would reduce 10-year deficits by $300 million.

Possible Amendments

Leader Reid has filled the amendment tree.

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