

Financing Reform through Program Cuts, Higher Taxes/Fees

Over 10 years, despite \$938 billion in additional spending, Health Reform actually reduces the deficit by cutting other programs and increasing revenues

Cuts to Medicare/Medicaid

- ❑ Market basket adjustments (including productivity adjustments) for certain hospitals and other providers - \$196 billion
- ❑ Restructuring of payments to Medicare Advantage (MA) plans - \$136 billion
- ❑ Reducing Medicare and Medicaid Disproportionate Share Hospital (DSH) payments to hospitals - \$36 billion
- ❑ Other cuts (e.g., home health payment rates) - \$87 billion

Total = \$455 billion

Revenue provisions

- ❑ Industry fees (pharmaceutical industry fee, medical device fee, insurance industry fee) - \$107 billion
- ❑ Higher Medicare tax on high-income taxpayers - \$210 billion
- ❑ “Cadillac tax” - \$32 billion
- ❑ Penalty payments by employers and uninsured individuals - \$65 billion
- ❑ Other revenue (e.g., indoor tanning tax) - \$111 billion

Total = \$525 billion