



## Budget Digest – Week of September 6th

### CBO and the Center for Medicare & Medicaid Innovation

**What is the Center for Medicare and Medicaid Innovation [CMMI]?** The CMMI was created by the Affordable Care Act and granted broad authority to the Secretary of Health and Human Services [HHS] to conduct “demonstrations” of new health care delivery or payment models in Medicare, Medicaid, and the Children’s Health Insurance Program. By law, the demonstrations must either improve quality without increasing spending, or reduce spending without diminishing quality. A test phase is required to determine the impact on costs and outcomes, but unlike previous Federal health care experiments, the Secretary has misinterpreted CMMI authority to implement *mandatory* rather than voluntary demonstrations – preventing beneficiaries and providers from opting out – prior to determining the outcomes of a given model.

#### BUDGET IMPACT OF CMMI

- Appropriations = \$10 billion in 2010 and \$10 billion each subsequent decade forever
- Money obligated since 2011 = \$6.1 billion
- CBO’s assumed savings (2016-2025) = \$38 billion

**Actual savings so far = UNKNOWN**

**Concerns on CBO Scoring of CMMI.** The Congressional Budget Office [CBO] assumes CMMI demonstrations will save billions, notwithstanding the fact that the program has produced unknown savings even six years after enactment. Unfortunately for Congress, CBO scores legislative proposals affecting CMMI as having no budgetary effect, or worse as costing money. CBO assumes any savings that Congress could possibly propose through a demonstration will eventually be implemented by CMMI, thereby rendering future congressional action to be essentially meaningless. Even more concerning, CBO has admitted that it does not know which, if any, of the current demonstration projects CMMI has embarked upon will result in savings. Yet, CBO estimated that CMMI will achieve savings of \$38 billion over the 2016-2025 period.

**Challenges to Constitutional Authority.** The broad powers vested in CMMI, and the agency’s interpretation of that authority, are further eroding Congress’s lawmaking authority by shifting decision-making away from elected officials into the hands of unelected bureaucrats. In addition, CMMI has an automatic appropriation of \$10 billion once every 10 years, forever. Consequently, this little agency can spend that money however it chooses – escaping the oversight authority Congress should have through its power of the purse. Congress must perform its oversight role of the new “demonstrations” CMMI is imposing on doctors and patients that affect real people and their access to care. This is a bipartisan concern that goes to the heart of our constitutional system and will be addressed at the House Budget Committee’s oversight hearing on September 7, 2016.