September 21, 2004

The Honorable Judd Gregg  
Chairman  
The Honorable Edward M. Kennedy  
Ranking Minority Member  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable William M. Thomas  
Chairman  
The Honorable Charles B. Rangel  
Ranking Minority Member  
Committee on Ways and Means  
House of Representatives

Subject: Department of Health and Human Services, Centers for Medicare and  
Medicaid Services: Medicare Program; Inpatient Hospital Deductible and  
Hospital and Extended Care Services Coinsurance Amounts for 2005

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a  
major rule promulgated by the Department of Health and Human Services, Centers  
for Medicare and Medicaid Services (CMS), entitled “Medicare Program; Inpatient  
Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts  
for 2004” (RIN: 0938-AN16). We received the rule on September 9, 2004. It was  
54671.

The notice announces the inpatient hospital deductible and the hospital and  
extended care services coinsurance amounts for services furnished in calendar year  
2005 under Medicare’s hospital insurance program (Medicare Part A). The statute  
specifies the formula used to determine these amounts.

The inpatient hospital deductible will be $912. The daily coinsurance amounts will  
be: (a) $228 for the 61st through the 90th day of hospitalization in a benefit period; (b)  
$456 for lifetime reserve days; and (c) $114 for the 21st through 100th day of extended  
care services in a skilled nursing facility in a benefit period.
Enclosed is our assessment of the CMS's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the CMS complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Marjorie Kanof, Managing Director, Health Care. Ms. Kanof can be reached at (202) 512-7101.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Ann Stallion
    Regulations Coordinator
    Department of Health and Human Services
ISSUED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
CENTERS FOR MEDICARE AND MEDICAID SERVICES
ENTITLED
"MEDICARE PROGRAM; INPATIENT HOSPITAL DEDUCTIBLE
AND HOSPITAL AND EXTENDED CARE SERVICES
COINSURANCE AMOUNTS FOR 2005"
(RIN: 0938-AN16)

(i) Cost-benefit analysis

While a cost-benefit analysis was not conducted because the increases were
statutorily directed, the cost to beneficiaries is discussed in the notice. Due to the
increase in the deductible and coinsurance amounts, CMS estimates that the total
increase in cost to beneficiaries will be $610 million.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605,
607, and 609

CMS has reviewed the notice and has found that no analyses under the Act are
required. Since states and individuals are not considered small entities, there will be
no significant impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform

The notice will not impose either an intergovernmental or private sector mandate, as
defined in title II, of more than $100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

In accordance with CMS’s past practice regarding publication of deductible and
coinsurance amounts under Medicare where such amounts are determined
according to the statute, a general notice is used rather than notice and comment
rulemaking procedures contained in section 553 of the Administrative Procedure
Act.
Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The notice does not contain any information collections that are required to be reviewed by the Office of Management and Budget (OMB) under the Paperwork Reduction Act.

Statutory authorization for the rule

The notice was issued under the authority contained in section 1813(b)(2) of the Social Security Act (42 U.S.C. 1395e-2(b)(2)).

Executive Order No. 12866

The notice was reviewed by OMB and found to be an “economically significant” regulatory action.

Executive Order No. 13132 (Federalism)

CMS has determined that the notice does not have federalism implications.