October 19, 2007

The Honorable Max Baucus  
Chairman  
The Honorable Charles E. Grassley  
Ranking Minority Member  
Committee on Finance  
United States Senate

The Honorable John D. Dingell  
Chairman  
The Honorable Joe Barton  
Ranking Minority Member  
Committee on Energy and Commerce  
House of Representatives

The Honorable Charles B. Rangel  
Chairman  
The Honorable Jim McCrery  
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; Medicare Part B Monthly Actuarial Rates, Premium Rate, and Annual Deductible Beginning January 1, 2008*

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; Medicare Part B Monthly Actuarial Rates, Premium Rate, and Annual Deductible Beginning January 1, 2008” (RIN: 0938-AO68). We received the rule on October 5, 2007. It was published in the *Federal Register* as a notice on October 5, 2007. 72 Fed. Reg. 57,039.

The notice announces the monthly actuarial rates for aged (age 65 and over) and disabled (under age 65) enrollees for the Part B account in the Medicare Supplementary Medical Insurance (SMI) trust fund for January 1, 2008. It also announces the monthly Part B premium to be paid by aged and disabled
beneficiaries, as well as the income-related monthly adjustment amounts to be paid by beneficiaries with modified adjusted gross income above certain threshold amounts.

The monthly actuarial rates for 2008 are $192.70 for aged enrollees and $209.70 for disabled enrollees. The standard monthly premium rate for 2008 is $96.40. Also, the Part B deductible for 2008 is $135.

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 CMS complied with the applicable requirements.

If you have any questions about this report, please contact Michael R. Volpe, Assistant General Counsel, at (202) 512-8236. 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) 512-7114.

signed

Robert J. Cramer
Associate General Counsel

Enclosure

cc: Ann Stallion
    Program Manager
    Department of Health and
    Human Services
REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES,
CENTERS FOR MEDICARE AND MEDICAID SERVICES
ENTITLED
"MEDICARE PROGRAM; MEDICARE PART B MONTHLY
ACTUARIAL RATES, PREMIUM RATE, AND
ANNUAL DEDUCTIBLE BEGINNING JANUARY 1, 2008"
(RIN: 0938-AO68)

(i) Cost-benefit analysis

A cost-benefit analysis was not conducted because the increases were statutorily
directed. CMS did estimate that the increase will cost approximately 41.5 million
Part B enrollees about $1.4 billion for 2008.

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

CMS has determined that this notice will not have a significant effect on a substantial
number of small entities or on the operations of a substantial number of small rural
hospitals. As a result, CMS did not prepare a regulatory flexibility analysis.

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

CMS has determined that this notice will have no consequential effects on state,
local, or tribal governments. CMS states that the effects on the private sector will be
less than $110 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.

CMS found good cause to waive publication of a proposed notice and solicitation of
public comments and instead used a general notice. This is due to the fact that the
monthly actuarial rates and the Part B premium amounts are required to be
published in September of each year and are calculated using statutorily directed
formulas, without CMS discretion.
Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

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

Statutory authorization for the rule

The notice is issued pursuant to the authority contained in section 1839 of the Social Security Act (42 U.S.C. 1395r).

Executive Order No. 12,866

The notice was deemed to be economically significant under Executive Order 12866 and was reviewed by OMB.

Executive Order No. 13,132 (Federalism)

This notice does not have federalism implications.