

## Part B Insider (Multispecialty) Coding Alert

### MEDICARE FUNDING : Medicare Program Risks Going Broke, According to New Report

**Part A is poised to run out of money -- and although safe for now, Part B could be at risk, report indicates.**

Last years news that the Medicare program might be out of money by 2019 stunned practices across the country -- but a new report indicates that the news is actually more bleak. Instead, the Medicare Trust Fund will be broke two years earlier -- by 2017.

Part A spending is growing faster than taxes are coming in to pay for the program, and the Part A coffers will be empty by 2017 unless the government takes action, according to the 2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, which was published on May 12.

The report notes that Part B is safe for now, but not indefinitely.

The Part B and Part D accounts in the trust fund are adequately financed under current law, since premium and general revenue income are reset each year to match expected costs, the report states. Such financing, however, would have to increase to match expected expenditure growth under current law.

In addition, the Trustees Report says that further Congressional overrides of scheduled physician fee reductions, together with an existing hold harmless provision restricting premium increases for most beneficiaries, could jeopardize Part B solvency and require unusual measures to avoid asset depletion.

#### Cost Control Coming

Politicians have been worrying about the growth of Medicare spending for many years, said HHS Secretary **Kathleen Sebelius** in a May 12 statement. If we want to bring down the cost of health care in this country and strengthen our economy, then we all must show leadership and take action to control costs.

To that end, President Obamas 2010 HHS budget establishes a healthcare reserve fund of \$635 billion over the subsequent 10 years to finance health reform. The government will fund the \$635 billion partially via savings in the Medicare and Medicaid programs. The 2010 budget notes that part of the Medicare cost savings will come from making the program more efficient but doesnt specify where cuts might take place.

In addition, funding for the reserve fund is expected to come from more stringent fraud and abuse targets, which could save \$2.7 billion over a five-year period.

The Presidents budget fights fraud in Medicare that costs us billions each year by providing a 50 percent increase in funding to help crack down on anyone who tries to cheat the system, Sebelius said in her May 12 statement.

Legislators in Washington were quick to respond to the news in the Trustees Report.

This disturbing report confirms what we all know -- our health care system is in crisis, and the status quo is not sustainable, said Senator **Edward Kennedy (D-Mass.)** in a May 12 statement. The President understands the urgency of the problem, and Im honored to be working with him and my colleagues on both sides of the aisle in Congress to reduce health costs and create a system that guarantees quality and affordable care for all.

The Social Security and Medicare Trustees have repeatedly warned Congress and the American people that the programs must be reformed or future benefits will be threatened, and todays report is the most dramatic warning yet,



said House Republican leader **John Boehner (R-Ohio)**. Congress cant sit idly by while these programs go bankrupt; we must act now.

To read the Trustees Report in its entirety, visit [www.cms.hhs.gov/ReportsTrustFunds/downloads/tr2009.pdf](http://www.cms.hhs.gov/ReportsTrustFunds/downloads/tr2009.pdf).