

## Part B Insider (Multispecialty) Coding Alert

### Medicare Funding: Medicare Projected to Go Broke in 2024, Trustees' Report Says

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

If you're looking for a scary read, forget about Stephen King novels--go straight to the new Medicare Trustees' Report, which was released on April 23 and indicates that Medicare Part A is set to remain solvent for only another 12 years.

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 2024 unless the government takes action, according to the "2012 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds."

Part B and Part D accounts "are adequately financed under current law, since premium and general revenue income are reset each year to match the expected costs," the report notes. "Such financing, however, would have to increase faster than the economy to match expected expenditure growth under current law."

#### ACA Allowed for Eight Extra Years of Part A Funding

Despite the bleak outlook, CMS reps were quick to point out that changes implemented by the Affordable Care Act (ACA) allowed the Medicare program to stay funded eight years longer than previously expected.

"The Trustees Report tells us that while Medicare is stable for now, we have a lot of work ahead of us to guarantee its future," CMS's Acting Administrator **Marilyn Tavenner** said in an April 23 statement. "The Affordable Care Act is giving CMS the ability to do this work, with tools to lower costs, fight fraud, and change incentives so that Medicare pays for coordinated, quality care and not the number of services."

If Congress takes no action to correct Medicare's depleting funds, the program will be able to cover just 87 percent of estimated expenditures in 2024, and only 67 percent of projected costs in 2050, CMS notes. "In practice," the agency adds in a news release, "Congress has never allowed a Medicare trust fund to exhaust its assets."

Some analysts pointed to indications that the future may actually look worse than what the Trustees' report indicates, since the report bases its calculations on the fact that physicians' pay rates are set to drop 30 percent in January (which would save Medicare money). However, that cut that will most likely be reversed by Congressional intervention, as it has been in previous years.

To read the Trustees Report in its entirety, visit <https://www.cms.gov/ReportsTrustFunds/downloads/tr2012.pdf>