

## Part B Insider (Multispecialty) Coding Alert

### Medicare Funding: Medicare Projected to Go Broke in 2026, Trustees' Report Says

**Part A is poised to run out of money ☐ but it's two years later than previously projected.**

The latest Medicare Trustees' Report, which was released on May 31, offers some good news and bad news for the future of Medicare Part A. The bad news is that Part A is set to remain solvent for only another 13 years, until 2026. The good news is that last year's report indicated Medicare would go broke in 2024, which means that CMS has slowed spending and therefore apparently figured out how to stretch a dollar a bit further.

Nevertheless, 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 2026 unless the government takes action, according to the "2013 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 Additional 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 longer than previously expected.

"Thanks to the Affordable Care Act, we are taking important steps to improve the delivery of care for seniors with Medicare," CMS Administrator **Marilyn Tavenner** said in a May 31 statement. "These reforms aim to reduce spending while improving the quality of care, and are an important down payment on solving Medicare's long term financial issues." Between 2010 and 2012, Medicare spending per beneficiary grew at 1.7 percent annually, which was slower than expected.

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 2026, and only 71 percent of projected costs in 2050, CMS notes. "Congress and the executive branch must work closely together with a sense of urgency to address these challenges," the report states.

To read the Trustees Report in its entirety, visit <http://downloads.cms.gov/files/TR2013.pdf>.