

## Part B Insider (Multispecialty) Coding Alert

### Medicare Funding: Medicare Projected to Go Broke in 2030, Trustees' Report Says

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

The latest Medicare Trustees' Report, which was released on July 28, 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 16 years, until 2030. The good news is that last year's report indicated Medicare would go broke in 2026, 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 2030 unless the government takes action, according to the "2014 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 because premium and general revenue income are reset each year to cover expected costs," the report notes. "Such financing, however, would have to increase faster than the economy to match expected expenditure growth."

#### Cost Savings Came from Multiple Sources

Despite the bleak outlook, CMS reps were quick to point out that changes implemented over the past year allowed the Medicare program to stay funded longer than previously expected.

"The Medicare Hospital Insurance trust fund is projected to be solvent for longer, which is good news for beneficiaries and taxpayers," said **Marilyn Tavenner**, CMS's administrator. "Thanks to the Affordable Care Act, we are taking important steps to improve the quality of care for Medicare beneficiaries, while improving Medicare's long-term solvency. Specifically, we have made major progress in improving patient safety, decreasing hospital readmissions, and establishing new payment models such as accountable care organizations aimed at reducing costs and improving quality. These reforms slow the rise in health care spending while improving the quality of care for beneficiaries."

If Congress takes no action to correct Medicare's depleting funds, the program will be able to cover just 85 percent of estimated expenditures in 2030, and only 75 percent of projected costs in 2050, CMS notes. "Policy makers should determine effective solutions to the long-range hospital insurance financial imbalance," the report states.

To read the Trustees Report in its entirety, visit <http://www.cms.hhs.gov/ReportsTrustFunds/downloads/tr2014.pdf>