

Part B Insider (Multispecialty) Coding Alert

News You Can Use: MEDICARE FINANCES SLIP

Annual report says insolvency is closer than previously estimated

A gloomy financial forecast for Medicare could mean even further reforms are on the way.

In their annual report released March 23, Medicare's trustees projected the hospital insurance fund will run dry in 2019 -- that's seven years earlier than last year's 2026 insolvency projection.

According to the report, four years of the difference in the new prediction are due to higher spending and lower tax revenues in 2003 than planned, along with budget crunches caused by the Medicare Modernization Act.

Total costs for Medicare's hospital and supplementary medical insurance trust fund are forecasted to increase from 2.6 percent to 13.8 percent of gross domestic product by 2078, the report says. Medicare's expenditures could bypass social security in 2024.

Health and Human Services Secretary **Tommy Thompson** played down the findings, stating that the reforms already built into MMA will provide the necessary tools to improve the program's financial outlook.