

Part B Insider (Multispecialty) Coding Alert

Part A Funding: Report: Medicare Part A Could Go Broke in 2030

CMS is working on solutions to fix the problem, the agency says.

The latest Medicare Trustees' Report, which was released on July 22, 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 15 years, until 2030. The good news is that the situation hasn't worsened since last year, 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 "2015 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."

CMS Vows to Transform the Health Care System

Despite the bleak outlook, CMS was quick to point out that spending growth averaged only 1.3 percent over the last five years, and that Part A expenditures were slightly lower than previously estimated. However, the agency noted that it still has more work to do to stabilize costs.

"Growth in per-Medicare enrollee costs continues to be historically low even as the economy continues to rebound," said acting CMS Administrator **Andy Slavitt** in a statement. "While this is good news, we cannot be complacent as the number of Medicare beneficiaries continues to grow. That's why we must continue to transform our health care system into one that delivers better care and spends our dollars in a smarter way for beneficiaries so Medicare can continue to meet the needs of our beneficiaries for the next 50 years and beyond."

If Congress takes no action to correct Medicare's depleting funds, the program will be able to cover just 86 percent of estimated expenditures in 2030, and only 80 percent of projected costs in 2050, CMS notes. "Policy makers should also consider the likelihood that the price adjustments in current law may prove difficult to adhere to fully and may require even more changes to address the financial imbalance," the report states.

Resource: To read the Trustees Report in its entirety, visit

www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2015.pdf.