



## Reports Say Medicare Now Has 12 Years Remaining: An Urgent Need to Strengthen Program Oversight

In July 2016, Medicare Trustees updated their prediction of the program's future insolvency — giving the program just 12 more years in its current existence.

Due to climbing medical costs, an overwhelming influx of new beneficiaries, and the loss of more than \$40 billion dollars annually due to improper billing, the future of Medicare is grim. As a result, several organizations have raised grave concerns about the future of the program.

### Medicare Board of Trustees

In July 2016, the Medicare Trustees projected the Medicare Hospital Insurance Trust Fund would be bankrupt by 2028. The report states that in order to sustain the obligations of the Trust Fund for the next 75 years, the Fund needs an additional \$3.6 trillion, beginning in 2016.

### Congressional Budget Office

In January 2016, the Congressional Budget Office (CBO) projected that the Medicare Hospital Insurance Trust Fund would be insolvent in 2026, two years before the Medicare Trustees projection. In just 10 years, expenditures for the Trust Fund will exceed its income.

According to the CBO, Medicare spending rose at 7% in 2015, the fastest rate of growth for the program since 2009. Medicare spending is projected to rise by another 5.2% in 2016. On average, Medicare spending is projected to increase 6% year over year for the next 10 years.

### Centers for Medicare & Medicaid Services (CMS)

In December, 2015, the CMS Comprehensive Error Rate Testing (CERT) program released a report detailing the billing error rate within Medicare. The most recent report finds that Medicare lost \$43 billion in improper billing in FY2015 alone — a 12.1% error rate. Due to ongoing high levels of provider misbilling, Medicare has the highest level of wasteful spending government-wide.

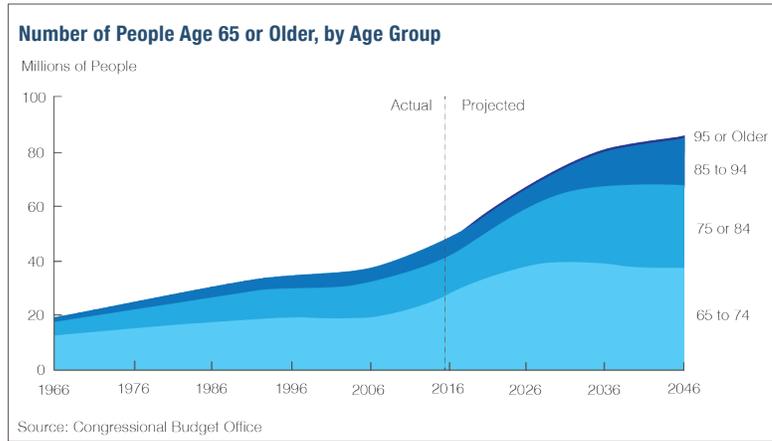
### Avalere Health

Avalere Health is an organization that frequently conducts budget scores for various legislative proposals in a manner intentionally similar to CBO. Recently, Avalere estimated that if CMS continues to restrict the Recovery Audit Contractor (RAC) program over the next decade (as it has done for the past 18 months), federal spending will be \$47 billion higher than estimated over the same ten year period from 2016 to 2025.

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## A Program Unprepared for Increased Costs & the Influx of Boomers

According to the CBO, the projected growth in spending is due in part to the increasing number of beneficiaries, with an average increase in Medicare caseloads of 3% per year. The number of Medicare beneficiaries is projected to increase by 36% by 2026.



In June 2015, Brookings hosted a forum to discuss Medicare in 2030 and the challenges the program will face in the coming years.

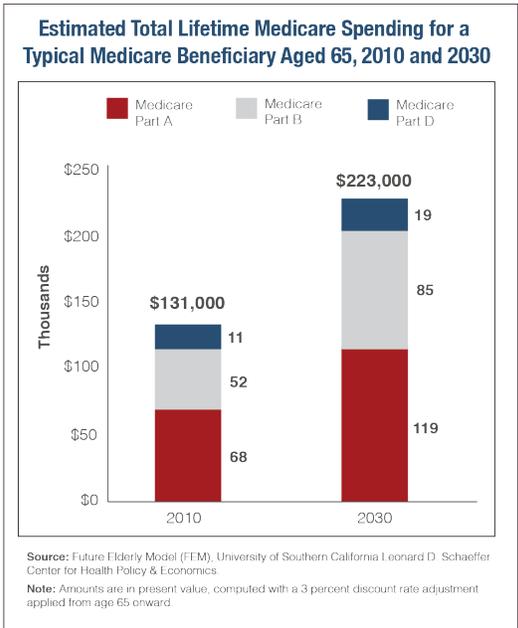
The University of Southern California Leonard D. Schaeffer Center for Health Policy & Economics and the Center for Health Policy at Brookings produced a white paper on the issue, stating that due to an increasing number of baby boomers enrolling in Medicare, rising life expectancy, higher prevalence of chronic conditions, and medical cost growth, total lifetime spending per Medicare beneficiary will increase 72% by 2030, reaching \$223,000.

## Better Billing Oversight Can Help Extend the Life of the Program

Recovery Auditors were put in place by Congress to play an important role in safeguarding the Medicare Trust Funds, preserving them for current and future generations by recovering improper payments. The work of RAs extends the life of our nation's marquee healthcare program – they have recovered \$10 billion in improper payments, allowing for two more years of life for the program.

RAs are currently approved by CMS to review more than 350 billing issue areas, down from 800 previously approved issues previously. This scale-back in Medicare auditing is caused by heightened complaints from provider groups who oppose auditing. These are the same providers who are improperly submitting bills for inappropriate inpatient hospital stays, unnecessary durable medical equipment, incorrect doses of medication and procedures supposedly performed on a patient after their death – causing the program to lose more than \$40 billion each year due to bad billing.

It is critical for the RAC Program to be supported and strengthened if it is to continue to play an effective role in safeguarding Medicare resources for both today's seniors and the future generations enrolling in the program.



**Increased Medicare Oversight Is Necessary  
if We Want the Program to Continue.**