COUNCIL FOR MEDICARE INTEGRITY
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PRESS RELEASE

Medicare Trustees:
Part A program will be insolvent three years earlier

Curtailment of Medicare integrity programs contributes to program insolvency

Washington, D.C. (June 6, 2018) – A new Medicare Trustees report predicts that the inpatient Trust Fund will soon begin paying out more in benefits than it collects in payroll taxes from American paychecks. As a result, Medicare Part A will only be able to manage this gap until 2026, after that, the program will have to scale back inpatient hospital coverage, adding more out-of-pocket burden on seniors. The Trustees report calls on Congress and the executive branch to work "with a sense of urgency to address the depletion of the HI trust fund" and the projected growth in Medicare expenditures.

In the face of these dire financial predictions for Medicare, rampant improper billing continues to pose a significant threat to the future of the program – with more than $200 billion in tax dollars wasted due to preventable billing errors over the past 5 years alone. Despite Medicare's vital role in the health and economic security of American seniors, providers frequently misbill the program for services that are either not medically necessary, lack the proper documentation or are coded improperly contrary to Medicare policy, draining approximately $40 billion from the program each year.

In 2009, Congress mandated the creation of a program proven to help significantly reduce annual Medicare spending. The Recovery Audit Contractor (RAC) program reviews Medicare claims, identifies billing errors and returns improperly spent funds back to the program. To date, recovery auditors have successfully returned more than $10 billion back to the Medicare Trust Fund and have been credited with extending the financial solvency of the Medicare program by two full years, all while reviewing a very small fraction of claims on a post-payment basis. Unfortunately, the RAC program has been significantly scaled back due to provider complaints and as a result, only 0.5 percent of Medicare FFS claims are reviewed for billing accuracy.

"It's more important than ever for lawmakers to ensure Medicare is spending every tax dollar as efficiently and effectively as possible," said Kristin Walter, spokesperson for the Council for Medicare Integrity. "By scaling back the RAC program for the past few years, we have lost ground in protecting Medicare resources. We must again expand post-payment claim reviews and add a new layer of financial protection to the program by also reviewing Medicare claims for billing accuracy before they are paid. Reprioritizing Medicare integrity programs will add years of life back to the Medicare Trust Fund."

Previous Medicare RAC post-payment reviews have extended the life of the program by two full years. In addition, RAC prepayment claim reviews have been tested and have also been found to be very successful in preventing vital resources from leaving the program in error in the first place.

In FY2012, CMS launched a Medicare Prepayment Review Demonstration Project to allow RACs to review certain error prone claims within 11 states before they were paid. The short program was deemed greatly successful, with RACs preventing more than $192 million in improper payments from leaving the program in error. Prepay claim reviews were completed accurately and quickly, within just 30 days, significantly reducing the burden providers say they endure via "pay and chase" recovery efforts.

In fact, the Government Accountability Office (GAO) reviewed the results of the Medicare RAC Prepayment Review Demonstration and over the past three years has consistently recommended, both in reports and before Congress that CMS add a permanent RAC prepayment review program within Medicare.

The GAO stated, *"Although CMS considered the Prepayment Review Demonstration a success, and having the RAs conduct prepayment reviews would align with CMS's strategy to pay claims properly the first time, the agency has not requested legislative authority to allow the RAs to do so. Accordingly, CMS may be missing an opportunity to better protect Medicare funds and agency resources."*

"Given the significant financial pressures facing our federal government and with the health and economic security of nearly 48 million American seniors on the line, Congress must act now to expand Medicare RAC post-payment reviews and authorize CMS to begin reviewing Medicare claims before they are paid to finally put an end to the rampant wasteful spending within the program," said Walter. "A greater focus on billing accuracy will add billions back to Medicare's bottom line and extend the life of the program."

For more information, please visit: www.medicareintegrity.org

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About the Council for Medicare Integrity. The Council for Medicare Integrity is a 501(c)(6) non-profit organization. The Council's mission is to educate policymakers and other stakeholders regarding the importance of healthcare integrity programs that help Medicare identify and correct improper payments.