



DEPARTMENT OF HEALTH & HUMAN SERVICES  
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Washington, DC 20201  
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## CMS NEWS

For Immediate Release

Contact: **CMS Media**

**April 23, 2012**

**Relations Group**

**(202)**

**690-6145**

### **REPORT SHOWS LOWER COSTS IN MEDICARE DUE TO THE AFFORDABLE CARE ACT**

*Through 2016, Medicare will save over \$200 billion; traditional Medicare beneficiaries will see nearly \$60 billion in lower costs*

The Medicare Program will save over \$200 billion through 2016 due to the Affordable Care Act, and beneficiaries in traditional Medicare will enjoy \$59.4 billion in lower costs, according to a report released today by the Centers for Medicare & Medicaid Services (CMS). According to estimates from the CMS Office of the Actuary, the over \$200 billion in short-term savings to the Medicare program come from ending excessive payments to private insurers who offer Medicare Advantage plans, implementing anti-fraud measures, and changing provider payment policies to reflect improvements in productivity. In addition, according to the HHS Assistant Secretary for Planning and Evaluation, seniors and people with disabilities in traditional Medicare will see lower cost-sharing and premiums as a result of the Affordable Care Act, totaling \$59.4 billion through 2016 and \$208 billion through 2021.

“The Affordable Care Act is the key to lowering health care costs in a way that improves care for beneficiaries, instead of cutting services,” said CMS Acting Administrator Marilyn Tavenner. “In the short term, both taxpayers and beneficiaries will save billions thanks to the health care law. Over the long run, the Affordable Care Act will allow us to invest in new models of providing care that will save money and deliver higher quality care.”

The report also details the significant number of reforms to the health care delivery system that CMS is implementing under the Affordable Care Act. These reforms have the potential to transform the way in which health care is delivered – through reducing unnecessary readmissions, improving patient safety, rewarding doctors for better coordinating care, and reducing duplicative tests. These efforts will improve the quality of patients’ care and reduce costs to make Medicare more sustainable over the long run.

Among other efforts, these delivery system reforms will:

- Strengthen the role of primary care providers;
- Reward better-coordinated care through a new model called Accountable Care Organizations;
- Bundle payments for each episode-of-care that a patient receives to promote better coordination;
- Improve the quality and coordination of care for those enrolled in both Medicare and Medicaid, who tend to have greater health care needs; and
- Pay for the quality of care provided to patients, not just the quantity of services or tests that are done.

To view the report, please visit: <http://www.cms.gov/apps/files/ACA-savings-report-2012.pdf>

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