

MEDICARE NEWS

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Contact: CMS Office Media Affairs
(202) 690-6145

New Report: Improvements to Medicare are Lowering Costs, Improving Care

Efforts to improve quality and safety, promote innovation, result in \$120 billion in savings for Medicare

A new analysis issued today by the Centers for Medicare and Medicaid Services (CMS) outlines savings resulting from improvements to the Medicare program, including implementation of many provisions in the Affordable Care Act, from new tools and resources to help crack down on fraud, waste, and abuse in the Medicare system, to reforming payment systems to reward high quality care. These efforts are aimed at creating better health, better care, and lower costs for patients, providers, and taxpayers. The report outlines these provisions, finding that they will save nearly \$120 billion for Medicare over the next five years.

Health Care Delivery System Reforms	Savings through 2015
Reforming provider payments -- rewarding quality of care	\$55 billion
Improving patient safety -- lowering hospital readmissions and hospital-acquired conditions	\$10 billion through 2013*
Cracking down on fraud and abuse in the Medicare system	\$1.8 billion**
Getting the best value for Medicare beneficiaries and taxpayers for durable medical equipment	\$2.9 billion (\$17 billion over ten years)
Reducing excessive Medicare payments to insurance companies	\$50 billion

“Just a year after passage, we are seeing savings in Medicare begin to materialize from provisions in the Affordable Care Act,” said Donald Berwick, MD, CMS Administrator. “This work is laying the groundwork for a larger transformation of Medicare and our health care delivery system, from simply paying for the volume of services provided to rewarding the quality of care delivered. We remain committed to achieving a health care system that pursues better care, better health, and lower cost through improvement.”

In addition to the provisions generating savings to date, the report highlights several steps CMS is taking to achieve long-term savings and reform the health care delivery system:

- Better coordinated care for individuals enrolled in Medicare and Medicaid;
- Creation of the Center for Medicare and Medicaid Innovation to test innovative payment and service delivery models;
- Promotion of Accountable Care Organizations;
- Broader value-based purchasing programs;

- Creation of the Independent Payment Advisory Board to recommend ways to best improve quality of care for Medicare beneficiaries while lowering costs;
- Expanding use of Electronic Health Records;
- Administrative Simplification;
- Medicare Advantage payment reform;
- Enhanced program integrity, fraud, waste, and abuse prevention work;
- Promoting prevention and wellness.

For the full report, please visit: <http://www.cms.gov/apps/files/medicare-savings-report.pdf>

* Amount shown represents the reduction in Medicare expenditures that could be achieved if the CMS goals for reducing readmissions and hospital-acquired conditions are met.

** Estimated savings for Medicare program integrity provisions in the Affordable Care Act; does not include other, ongoing CMS initiatives.

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