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BAUCUS CALLS FOR BETTER ADMINISTRATION OF MEDICARE PREMIUM WITHHOLDING

*Medicare transactions rejected due to problems with schedule, timing of withholding
from Social Security payments*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) said today that significant improvements need to be made to the Medicare premium withholding process, which automatically takes Medicare Advantage and prescription drug coverage plan monthly premiums out of participants’ Social Security payments. Baucus’s comments come following the release of a new Government Accountability Office report that outlined problems with the complex Medicare Part C and D premium withholding payment options that have resulted in confusion and delays in premium payment for many Medicare beneficiaries and private insurance plan sponsors. Baucus requested the report after 231,000 beneficiaries had their premiums refunded by mistake in 2006 when records wrongly indicated they had paid too much. The report can be found online at <http://www.gao.gov/docsearch/repandtest.html>.

“Paying Medicare premiums directly from Social Security benefits should be an easy way to make sure seniors don’t have to deal with a bill in the mail and to save taxpayer dollars on administrative costs,” Baucus said. **“But the way it’s set up now, the withholding process is a mess that discourages Medicare recipients from signing up for it. There’s ample evidence of how confusing it is even for the agencies running this program. Medicare, the Social Security Administration, and the Department of the Treasury need work together to build a withholding schedule that works for seniors.”**

Though GAO said new information systems and new information matching standards have helped alleviate the situation, the complex timing of payments between the Treasury, Social Security, Medicare and private insurance plan sponsors can still result in long delays and canceled transactions. In 2006, over 44 percent of Medicare premium withholding transactions between CMS and SSA were rejected. In 2007, that number fell to just over five percent. Nevertheless, the GAO said that the scheduling of payments still posed significant challenges to the premium withholding program.

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