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BAUCUS, GRASSLEY URGE FOCUS ON QUALITY IN FRAUD-BUSTING MEDICARE REFORM

*Watchdog report finds delayed payments, backlogged claims and lack of data
as Medicare transitions to payment contractors*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) today urged the Centers for Medicare and Medicaid Services (CMS) to focus on quality service as it implements reforms to streamline claims processing, reduce fraud and cut costs that were required by the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The Senators' comments followed the release today of a Government Accountability Office (GAO) report, which found that CMS has made progress implementing these reforms, but the agency's push to streamline the Medicare claims process ahead of its legal deadline has caused some delayed claims payments and processing backlogs. The report also found that although CMS planned to save money by accelerating the reforms, the total savings could not be determined.

"Delays in payments and backlogged claims create real financial hardship for seniors and health care providers," said Baucus. **"I am pleased to see CMS showing this initiative and moving quickly to streamline payments and reduce fraud, though, when it comes to reforming Medicare contracting, CMS needs to do a better job of improving quality and identifying ways to save money. Millions of dollars are wasted every year due to improper Medicare contractor payments. It's critical the contracting reform Congress passed be implemented effectively to stop this waste and ensure taxpayer dollars are used as efficiently as possible."**

"Claims processing is a major function for CMS to oversee, and streamlining claims processing was a major goal of the Medicare modernization law," Grassley said. **"But more work needs to be done by CMS to implement these reforms with minimal disruption to beneficiaries and providers while ensuring the goals of reducing backlogs and cutting fraud and costs. This report also shows that CMS clearly needs to step up its oversight of meeting performance goals and saving taxpayer money, not only on the part of contractors, but also the agency itself."**

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 reformed the way CMS contracts payments for fee-for-service Medicare claims, which total over \$310 billion per year. Under the law, CMS has until October 1, 2011, to transfer its claims processing to 19 regional contractors, but CMS determined it could complete the transition by July 2009, thereby cutting costs. In 2005, the GAO reported the faster shift could create disruptions in service while saving less money than CMS estimated.

The Senators requested today's GAO report in April 2008. The Finance Committee has jurisdiction over CMS and the Medicare program. The full GAO report, "Medicare Contracting Reform: Agency Has Made Progress with Implementation, but Contractors Have Not Met All Performance Standards," can be found at: <http://www.gao.gov/new.items/d1071.pdf><http://www.gao.gov/new.items/d1071.pdf>

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