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BAUCUS, GRASSLEY CALL FOR IMPROVED BUDGET PLANNING AMONG MEDICARE QUALITY IMPROVEMENT ORGANIZATIONS

Finance Leaders Release GAO Report Indicating Better Guidelines for Budget Planning Are Needed

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) today called for new guidelines to be set for Medicare Quality Improvement Organizations (QIOs) so the Centers for Medicare and Medicaid Services can ensure QIO funds are spent properly. QIOs are organizations within each state contracted by Medicare to, among other things, determine the quality of services delivered to Medicare beneficiaries through quality-of-care reviews. Baucus and Grassley called for improved budget planning today after releasing a Government Accountability Office (GAO) report which indicated that the methods QIOs use to determine and report the total costs of quality-of-care reviews currently vary among states. The GAO found that clearer and more specific guidelines for the budget-writing process would better ensure that Medicare dollars are being well-used to improve quality of care for seniors.

"This report demonstrates the need for a sound budget development plan that guarantees that not one dollar of the Medicare Trust Fund goes to waste," said Baucus. **"Reviewing the quality of care of health care providers plays a critical role in ensuring that seniors are treated fairly and have access to high quality care. The money we spend to ensure quality health care should make people healthier, and effective budget guidelines from Medicare will certainly contribute to making sure we meet that goal."**

"There isn't a good system for the QIOs to keep track of what they find, meaning the value of their work cannot be determined," Grassley said. **"It might be that CMS is overpaying for these services. CMS has to do a better job of tracking this work so it can pay the appropriate amount and so taxpayers get what they're paying for, which is better quality of care for Medicare beneficiaries. Improving its oversight of Medicare contractors is something CMS needs to accomplish, and it's one of my long-time priorities."**

Currently, QIOs inform CMS of the total cost of quality-of-care reviews conducted and calculate labor costs therein, but do not follow a standard set of guidelines on how to calculate or provide that information. As a result, QIOs' reporting systems vary among states, and CMS is unable to guarantee that its three-year QIO budget is appropriate. GAO recommended that CMS create clear instructions specifying how QIOs should detail the volume and costs of their quality-of-care reviews. Such a standard would allow CMS to develop accurate budgets for quality-of-care reviews.

CMS enters into three-year contracts with QIOs in every state to perform various reviews to help guarantee Medicare dollars are spent wisely and health care providers in each state are maintaining a high standard of care. Quality-of-care reviews, just one of the reviews QIOs perform, gauge certain

measures like the standard of treatment patients receive and Medicare providers' adherence to their patients' medication schedules. CMS creates a budget to cover the total cost of reviews at each QIO. The current amount budgeted for all reviews, including quality-of-care reviews, for QIOs in every state is approximately $208 million for the three-year period between 2008 through 2011.

The full text of the GAO report is available at http://www.gao.gov/new.items/d11116r.pdf.

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