



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## Grassley praises overall reduction in improper payments by Medicare

WASHINGTON — Sen. Chuck Grassley today praised efforts by the Centers for Medicare & Medicaid Services to reduce improper Medicare payments.

“I welcome the news that the government’s increased attention to oversight of Medicare payments has paid off,” Grassley said. “I’ve always supported efforts to ensure that Medicare dollars are used appropriately. Every dollar that’s misspent is a dollar that’s not providing care for beneficiaries. Today we see a major reduction and that deserves recognition. Medicare is still paying for medically unnecessary services and undocumented or poorly documented services, and I support the continued efforts of Medicare officials to further reduce the error rate.”

In a report delivered to Congress, the federal agency said that Medicare has reduced its overall improper payment rate from more than 10 percent in 2004 to 4.4 percent today. Medicare’s target rate for 2008 was 4.7 percent. The amount Medicare improperly paid was cut in half from \$21.7 billion in 2004 to \$10.8 billion today, according to this latest analysis.

The Centers for Medicare & Medicaid Services annually publishes a report on the accuracy of payments made by Medicare. In addition to the overall error rate, officials calculate rates by type of error, including medically unnecessary services, insufficient or lack of documentation and incorrect coding. Rates are also calculated by contractor type, including carriers, fiscal intermediaries and durable medical equipment regional carriers.

Improper payment rates for medically unnecessary services and for claims with insufficient or lack of documentation all saw reductions. The error rate due to incorrect coding saw a slight uptick. Carriers, fiscal intermediaries and durable medical equipment regional carriers all demonstrated consistent reductions in error rates over the last two years.

Grassley is Chairman of the Senate Committee on Finance, which is responsible for Medicare legislation and congressional oversight of the program.