

## *Health Care Reform:*

### **SAVING TAXPAYER DOLLARS BY CUTTING FRAUD, WASTE, ABUSE**

Landmark health care reform signed into law by President Obama **cuts waste** and inefficient spending, including a provision to curb substantial taxpayer subsidies to private insurance companies that administer Medicare Advantage plans, by strengthening oversight, improving efficiency and increasing provider screening to prevent fraud before it starts. Health care reform includes aggressive new provisions to **save billions of taxpayer dollars** and protect the health care investments made by individuals, businesses, and government.

#### **Medicare Advantage Overpayments: Ending Excessive Subsidies to Private Insurance Companies**

Private insurance companies that administer Medicare Advantage plans are paid on average 14 percent more than it costs to provide care through the traditional Medicare program. These overpayments drain the Medicare trust fund, increase premiums for seniors and cost taxpayers an astounding \$12 billion a year. Health care reform eliminates these overpayments without cutting any guaranteed Medicare benefits. The truth is, health care reform will strengthen Medicare benefits, extend the life of the program and rein in overpayments to ensure a fair payment system that rewards quality for America's seniors. Health care reform will:

- **Reduce increases in the cost of the Medicare program for all enrollees by targeting \$132 billion in overpayments to private insurers** of Medicare Advantage plans who are over profiting from Medicare because of a flawed payment formula. Payment rates for private Medicare Advantage plans will be based on benchmarks that are linked to local Medicare spending on a sliding scale.
- **Give seniors the guarantee that their premium dollars will pay for care and not to pad private companies' profit margins.** Medicare Advantage plans will be required to spend at least 85 percent of their premiums on clinical services and activities that improve quality of care, rather than profit or overhead.

#### **Cutting Fraud, Waste and Abuse to Save Taxpayers Billions**

Fraud, waste and abuse in our health care system account for three percent of our total health care spending, costing Americans more than \$60 billion every year. For every \$1 spent on oversight and enforcement to fight fraud, waste and abuse in Medicare, Americans can see up to \$17 in return. In 2008, better enforcement measures to fight fraud, waste and abuse in Medicare netted Americans more than \$16 billion in savings. Health care reform includes tough provisions attacking waste and fraud in Medicare and Medicaid, including some proposed by the President and some proposed by Republicans. Health care reform will save money and control costs by reducing waste and inefficiency through:

- **New resources to fight fraud and abuse** - Health care reform includes over \$350 million over the next decade in new funds to fight fraud by increasing funding for the Health Care Fraud and Abuse Control Program and the Medicaid and Medicare Integrity Programs, which will provide much-needed additional resources to fight fraud.
- **Effectively leveraging technology to monitor Medicare and Medicaid for evidence of fraud, waste and abuse** – Health care reform creates new data sharing arrangements to help agencies identify fraudulent providers and creates a comprehensive Medicare and Medicaid Provider/Supplier Data Bank to conduct oversight of suspect patterns that may conceal fraudulent activity. Health care reform will also narrow the window for submitting Medicare claims for payment and requires electronic payments in order to decrease the opportunities for “gaming” the system.

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- **Penalizing fraudulent activity swiftly and sufficiently** – Health care reform will mean tougher penalties for false or misleading marketing or enrollment of seniors in Medicare Prescription Drug benefit plans and for submitting false applications, claims for payment or for obstructing audits or investigations related to Medicare or Medicaid.
- **Enhanced oversight and screening to catch and punish fraudulent providers and suppliers** – Health care reform will increase background checks, site visits and other enhanced oversight to weed out fraudulent providers before they start billing Medicare or Medicaid. It also creates a national pre-enrollment screening program for all institutional providers and places new controls on high-risk programs, like home health services or durable medical equipment, to ensure that only Medicare and Medicaid providers in good standing can provide these services.
- **Requiring providers and suppliers to adopt compliance programs as a condition of participation in Medicare and Medicaid** – Health care reform will strengthen the Medicare and Medicaid program requirements for providers, suppliers and contractors.

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