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Home > Newsroom > Media Release Database > Press releases > 2014 Press releases items > Press release: Trustees R
Medicare solvency

Press release: Trustees Report shows continued reduced cost growth, longer Medicare solvency

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Title Trustees Report shows continued reduced cost growth, longer Medicare solvency

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Trustees Report shows continued reduced cost growth, longer Medicare solvency

The Medicare Trustees today projected that the trust fund that finances Medicare's hospital insurance coverage will remain solvent until 2030, four years beyond what was projected in last year's report. Due in part to cost controls implemented in the Affordable Care Act, per capita spending is projected to continue to grow slower than the overall economy for the next several years.

"The Medicare Hospital Insurance trust fund is projected to be solvent for longer, which is good news for beneficiaries and taxpayers," said Marilyn Tavenner, administrator of the Centers for Medicare & Medicaid Services (CMS). "Thanks to the Affordable Care Act, we are taking important steps to improve the quality of care for Medicare beneficiaries, with improving Medicare's long-term solvency. Specifically, we have made major progress in improving patient safety, decreasing hospital readmissions, and establishing new payment models such as accountable care organizations aimed at reducing costs and improving quality. These reforms slow the rise in health care spending while improving the quality of care for beneficiaries."

A number of factors have contributed to the improved outlook, including lower-than-expected spending in 2013, and lower projected utilization in the types of health care needed by Medicare patients. Medicare spending per beneficiary has grown quite slowly over the past few years and is projected to continue to grow slowly over the next several years. During the past four years, per capita Medicare spending growth has averaged 0.8 percent annually, much more slowly than the average 3.1 percent annual increase in per capita GDP and national health expenditures over the same period.

The benefits of this slower growth accrue to both taxpayers and beneficiaries. For example, although the Part B premium for 2015 will not be determined until later this year, the preliminary estimate in the Report indicates that it will remain unchanged from the 2013 premium for the second consecutive year.

Background:

In 2013, Medicare covered 52.3 million people: 43.5 million people aged 65 and older, and 8.8 million people with disabilities. About 28 percent of these beneficiaries have chosen to enroll in Part C private health plans that contract with Medicare to deliver Part A and Part B health services. Total expenditures in 2013 were \$582.9 billion. Total income was \$575.8 billion.

The Medicare Trustees are Health and Human Services Secretary Sylvia M. Burwell, Treasury Secretary and Managing Trustee Jacob Lew, Labor Secretary Thomas Perez, and Acting Social Security Commissioner Carolyn Colvin. Two other members are public representatives who are appointed by the President, subject to confirmation by the Senate. Charles Blahous III and Robert Reischauer began serving on Sept. 17, 2010. CMS Administrator Tavenner is designated as Secretary of the Board.

The report is available at: <http://www.cms.hhs.gov/ReportsTrustFunds/downloads/tr2014.pdf>

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