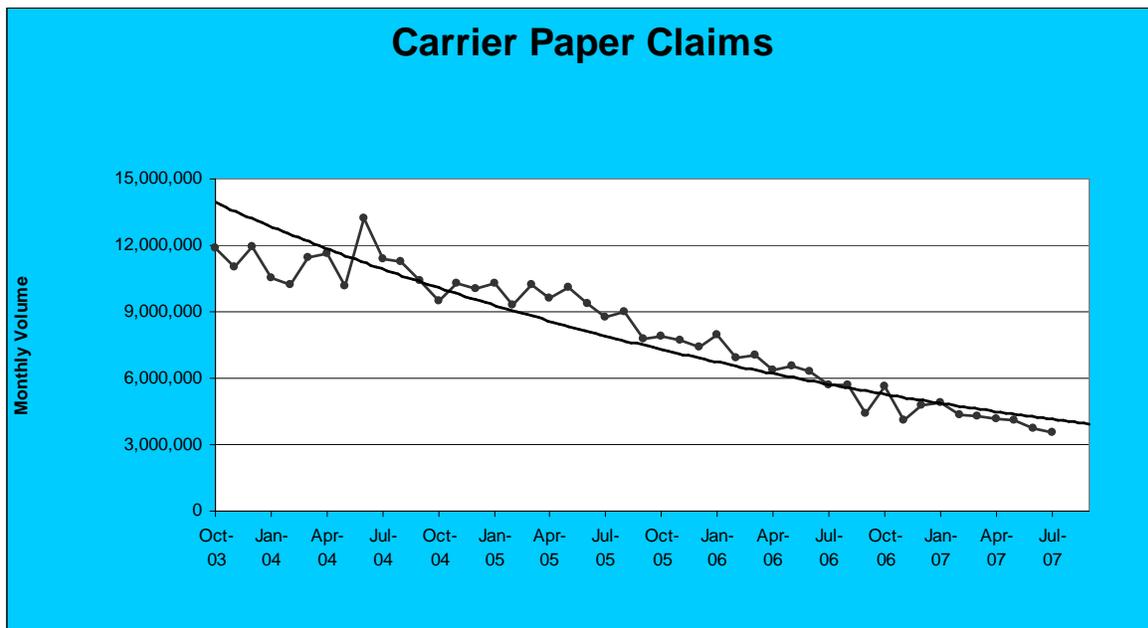


CMS is a leader in the implementation of electronic standard transactions. Submission of electronic claims has been strongly encouraged in lieu of paper claims because of the operational cost savings. These savings are substantial given the fact that approximately 1.1 billion claims are now being processed by Medicare Fee-For-Service contractors. Based on a conservative estimate, the operational costs were reduced by over \$25M in FY2006 (80M paper claims) as compared to FY2005 (114M paper claims). These savings are attributed to ASCA Enforcement which began in April FY2005.

The following statistics and graph show that the number of paper claims sent to Medicare carriers and DME contractors.



	Part B Paper			
	FY04	FY05	FY06	FY07
Oct	11,872,149	9,518,059	7,922,305	5,642,148
Nov	11,017,591	10,316,084	7,723,462	4,097,587
Dec	11,967,618	10,028,309	7,413,953	4,772,986
Jan	10,545,898	10,285,262	7,967,612	4,885,514
Feb	10,198,058	9,284,033	6,917,181	4,336,207
Mar	11,441,409	10,215,434	7,056,915	4,285,640
Apr	11,633,462	9,592,933	6,341,045	4,142,208
May	10,173,131	10,120,254	6,533,568	4,114,758
Jun	13,249,223	9,382,620	6,327,516	3,747,294
Jul	11,392,213	8,756,341	5,679,857	3,575,078
Aug	11,261,266	8,995,139	5,677,772	
Sep	10,426,045	7,748,891	4,406,609	