

### III. ADMINISTRATIVE/OPERATING

Information in this section concerns activities and services related to the oversight of the day-to-day operations of CMS programs. Current and trend data on trust fund operations, contractor performance and administrative costs are included.

#### **HIGHLIGHTS**

- o Medicare Hospital Insurance (HI) benefit payments grew from \$2.5 billion in FY 1967 to \$139.4 billion in FY 2001 (FY 2002 HI Trustees' Report). The Medicare Supplementary Medical Insurance (SMI) benefit payments increased from \$0.7 billion in FY 1967 to \$97.5 billion in FY 2001 (FY 2002 SMI Trustees' Report). The greatest increase to both programs occurred between 1970 and 1980, due to the addition of coverage for disabled persons beginning in 1973.*
- o Medicare total HI and SMI administrative expenses as a percent of total HI and SMI benefit payments decreased from 7.1 percent in FY 1967 to 1.8 percent in FY 2001.*
- o As of May 2002, Medicare had 28 intermediaries and 20 carriers processing claims. Between 2000 and 2001 Part A unit costs remained the same at \$0.86 per claim, while Part B units costs decreased slightly over the same period, from \$0.63 to \$0.61.*
- o In FY 2001, covered charges on assigned claims were reduced an average of \$103.22. Covered charges on unassigned claims in FY 2001 were reduced an average of \$18.59.*