

Medicare Administrative Costs

Q. I am concerned that the government is spending too much of our money on the administration of Medicare and not enough on the care of seniors.

A. Actually, more than 97 percent of the government dollars allotted to Medicare is spent on the payment of services for health care. In 1999, the latest data available, Medicare paid hospitals \$128.8 billion for 39 million beneficiaries. It also paid physicians, outpatient clinics, nursing homes, hospices, home health agencies and others \$80.7 billion for 37 million beneficiaries.

Administrative costs were 1 percent for hospitals and 2 percent for all other providers. This is a very low cost. During FY 2000, 98 percent of total Medicare expenditures were spent on Medicare benefit payments.