



## **Straight Talk for Seniors on Health Reform**

**How will the new health reform law affect you?  
Here are 5 key facts about the Affordable Care Act.**

**FACT # 1: The law will not cut your basic Medicare benefits—and it will make some benefits better.**

- **Starting Now: More help with prescription drug costs [Section 3301]**

You've probably heard about the "donut hole" in Medicare prescription drug coverage. If you and your Part D plan together spend more than \$2,830 in 2010, you will hit the coverage gap or "donut hole." Then you will begin paying 100% of your prescription drug costs until the total costs reach \$6,440.

The new law helps you pay these costs right away. If you enter the donut hole this year, Medicare will send you a check for \$250. You don't have to do anything to get the check. It will arrive around 45 days after you reach the gap.

**Starting in 2011:** If you enter the donut hole, you'll pay only half of what your plan charges for brand-name drugs—a 50% discount.

**By 2020:** The donut hole will be completely gone.

- **Starting in 2011: A free annual wellness visit and prevention plan**

The free annual wellness checkup will allow you and your doctor to develop a prevention plan to keep you healthy. And a range of prevention services, such as cancer and diabetes screenings, will be provided free—no more cost sharing. [Sections 4103 and 4104]

- **Starting in 2011: Better care when you get sick**

If you're like 80% of older Americans, you have at least one chronic medical condition such as heart disease, high blood pressure, or diabetes. You probably see several doctors, who may not always work together. The law will invest in testing new models of care for people like you in order to provide better care, better coordination, and more patient-centered services. [Sections 3021, 3024, 3502].

If you must be hospitalized, the law also will help you return home successfully—and avoid going back into the hospital—by providing incentives for hospitals to make sure that you get the services you need in your community and by teaching you ways to take good care of yourself. [Section 3026].

**Fact # 2: The law will reduce Medicare spending growth, extend Medicare solvency, and is projected to reduce the budget deficit.**

Medicare spending is growing and will continue to do so. But over the next 10 years, the new law will slow the rate of growth slightly—from 6.8% per year to 5.5%. These figures come from the independent, non-political Congressional Budget Office (CBO), which is the group responsible for health reform cost estimates.

The CBO projects that the new law will save Medicare about \$400 billion over 10 years and extend the solvency of the Medicare Trust Fund for an additional nine years—until 2026.

As spending increases slow down, the CBO also estimates that new revenues will be raised, primarily from taxes paid by people with incomes over \$200,000. Together, the savings and dollars coming in are expected to be greater than the money going out to pay for new benefits. Therefore, CBO has estimated that the new law will **reduce** the budget deficit by \$124 billion over 10 years.

How will increases in Medicare spending slow down?

- **Starting in 2011: The law will slow payment increases to Medicare providers**, including hospitals, nursing homes, and home health agencies. Many providers—whose profits will increase with newly insured patients—have agreed to these new payments.

**Note:** The law **does not** reduce payments to doctors and actually increases payments to primary care doctors, or general practitioners. The “doc fix” is not part of this law and is expected to be addressed separately by the Congress.

- **Starting in 2011:** The law will reduce payments to Medicare Advantage (MA) plans. About 75% of seniors have original Medicare. The rest are enrolled in MA managed care plans, such as HMOs and PPOs, offered by private insurance companies.

Medicare has paid these MA plans over \$1,100 (13%) **more** per person than it pays original Medicare to take care of a similar person. People with Medicare pay higher monthly premiums to fund this overpayment. The new law will gradually lower these overpayments. But if MA plans provide high-quality care, they will be eligible for bonus payments.

Because of these changes, some MA plans may cut some of the extra benefits they offer that original Medicare does not cover—such as eyeglasses or hearing aids. Some MA plans may increase premiums. And some plans may drop out of the Medicare program completely. However, MA plans cannot cut **any** benefits that Medicare guarantees, such as hospital care or doctors’ visits.

If you’re in an MA plan, you will have the same right you have now to switch to another plan or go back to original Medicare. **You will never lose your basic Medicare benefits because of the new law.**

Also starting next year, if you need expensive care from your Medicare Advantage plan—such as kidney dialysis, chemotherapy, or skilled nursing home care—your plan will no longer be allowed to charge you more than you would pay if you were in original Medicare.

- **Starting in 2011:** The law will require people with higher incomes to pay higher Medicare premiums for prescription drug coverage. This change will affect about 5% of people with Medicare—singles with incomes above \$85,000 and couples with incomes above \$170,000. [Section 3308]
- **Starting in 2014:** The law will create a new Payment Advisory Board. This board of experts will recommend specific ways to reduce Medicare costs without cutting benefits or increasing out-of-pocket costs. [Section 4304]

**Fact # 3: The law will make it easier to receive and pay for long-term care at home.**

Medicare currently does not cover long-term care. This means millions of older adults who need help at home must spend their life savings to get the care they need.

- **Starting in 2011:** The law will make it easier for lower income people who are on Medicaid to get long-term care at home instead of in a nursing home by providing extra federal funds to states that provide in-home services. [Sections 2401-2403]
- **Starting in 2013:** A new national long-term care insurance program called CLASS (Community Living Assistance Services and Supports) will become available. Full and part-time workers with salaries of at least \$1,200 per year will be eligible to participate in CLASS and may choose to have the premiums deducted from their paychecks. [Section 8002]

After you have participated in CLASS for at least five years and you can no longer perform basic activities (such as eating, dressing, or bathing, or if you have Alzheimer's disease or other forms of dementia), you are eligible to receive a daily cash benefit. This cash benefit is expected to average \$75 per day, and you can use to pay for anything that you think will help you stay at home.

- **Starting in 2014 through the end of 2019:** The law will increase protections for spouses of people who receive Medicaid home care services. They will no longer be forced into poverty so that a frail spouse can qualify for Medicaid home care. [Section 2404]

**Fact # 4: The law will improve care for older adults in other ways:**

**Starting this year,** early retirees can receive new help to keep their health insurance premiums down. [Section 1102]

**Starting in 2011:**

- Medicare will pay bonuses of 10% to primary care doctors (general practitioners) to improve access. [Section 5501]
- Improvements in some nursing home quality standards. [Sections 6101-6114]

- Improved training for workers who care for seniors. [Sections 5302 and 5305]
- New protections against elder abuse, neglect and financial exploitation. [Section 6703]

**Fact # 5: The law will improve health insurance coverage for most younger Americans who don't have Medicare.**

Younger Americans will get the most benefits from health reform.

**Starting this year:**

- Small businesses will receive tax credits of up to 35% of premiums to make employee coverage more affordable.
- Insurance companies will be prohibited from denying coverage to children with pre-existing conditions.
- Insurance companies will be required to allow young people up to age 26 to remain on their parents' insurance policy.
- Insurance companies will no longer be allowed to drop people from coverage when they get sick.

**Starting in 2014:**

- The law will provide **health coverage for an estimated 32 million Americans who currently do not have health insurance.**
- Almost all Americans will have the kind of guaranteed health care access and security that Medicare beneficiaries have today.

**For more information, please visit**  
**[www.NCOA.org/StraightTalk](http://www.NCOA.org/StraightTalk)**

*The National Council on Aging is a nonprofit service and advocacy organization headquartered in Washington, DC. NCOA is a national voice for older Americans—especially those who are vulnerable and disadvantaged—and the community organizations that serve them. It brings together nonprofit organizations, businesses, and government to develop creative solutions that improve the lives of all older adults. NCOA works with thousands of organizations across the country to help seniors find jobs and benefits, improve their health, live independently, and remain active in their communities. For more information, visit [www.ncoa.org](http://www.ncoa.org).*