Patients Aware

Providing the Facts about Medicare & Health Care Reform

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Health Care Reform At-A-Glance

Strengthen Medicare by slowing growth in spending

• Adds 7 years of solvency of the Medicare Trust Fund, from current 2017 to about 2024.
• Saves about $450 billion in the first decade, mostly through agreed upon reductions in payment rates for inpatient hospitals, long-term care hospitals, home health services, skilled nursing facilities, and other providers, as well as reduced subsidies to private Medicare Advantage plans.
• Slows Medicare growth by about 2 percent per capita, annually. Medicare will still be growing faster than the overall economy.
• The Medicare Part B premium for 2012 rose significantly less than projected to $99.90 per month. In addition, the Part B annual deductible decreased by $22 from $162 to $140.

Closes the donut hole in the Part D prescription drug program

• Provided a $250 rebate in 2010 for any senior who fell into the hole, regardless of their income — even those who entered the coverage gap by as little as one dollar received a check for the full $250.
• Provides a 50 percent discount for brand name drugs beginning in 2011 for seniors in the donut hole, regardless of income.
• Phases in additional discounts for both brand name and generic drugs until seniors' copayments are reduced to 25 percent by 2020, regardless of income.
• Saves the typical senior who hits the donut hole $250 in 2010, over $600 in 2011, and over $3,000 by 2020.
• Counts both the seniors' out-of-pocket spending and the drug company discount as "True Out-of-Pocket Costs", helping seniors reach the catastrophic threshold more quickly.
• Slows the increase in the dollar amount where catastrophic coverage of drug costs begins.

Improves prescription drug coverage for low-income seniors

• Expands access to plans with zero premiums for low-income seniors.
• Reduces the number of seniors required to change plans each year to maintain their zero premiums.
• Allows widows and widowers to more easily retain their low-income eligibility.
• Improves outreach and information for low-income seniors and other Part D enrollees.
• Eliminates co-payments for seniors in home- and community-based settings that are eligible for both Medicaid and Medicare.

Improves the Part D program for all seniors

• Improves seniors' access to important classes of drugs.
• Creates new penalties for false or misleading marketing or enrollment of individuals in Part D plans.

Improves preventive health care services for seniors

• Eliminates cost-sharing for proven preventive services.
• Provides a comprehensive annual wellness visit and personalized prevention plan.

Improves overall health care services for seniors

• Improves seniors' access to primary care by providing bonus payments to primary care providers.
• Establishes initiatives to encourage the development of a more efficient health care delivery, especially for seniors with multiple chronic conditions.
• Provides transition services to high-risk Medicare beneficiaries when they are discharged from the hospital.
• Encourages hospitals to reduce avoidable readmissions and hospital-acquired infections.
• Increases funds for Community Health Centers (especially critical to minorities) to allow for nearly a doubling of the number of patients seen over the next 5 years.
• Establishes a new Center for Medicare & Medicaid Innovation to test new ways of reducing costs while improving the quality of health care.
• Helps seniors living in rural areas by making sure their physicians are adequately paid.

Makes necessary changes to Medicare Advantage plans

• Phases down subsidies for Medicare Advantage plans over time so that, on average, plans will ultimately receive payments comparable to what it would cost traditional Medicare to cover the same seniors.
• Applies savings to improve Medicare for all seniors.
• Reduces Part B premiums for all beneficiaries.
• Provides bonus payments to Medicare Advantage plans providing high-quality care.
• Prohibits Medicare Advantage plans from charging seniors more than traditional Medicare for services such as chemotherapy administration, skilled nursing home care, and other specialized services.
• Requires all Medicare Advantage plans to spend at least 85 percent of revenue on senior care rather than profits or overhead, beginning in 2014.

Expands protections for vulnerable seniors

• Requires disclosure of information about nursing facilities ownership, accountability requirements and expenditures.
• Requires publishing standardized information on a website so Medicare enrollees can compare facilities.
• Provides for background checks of employees with direct access to patients of long-term care facilities or providers.
• Enacts the Elder Justice Act to help prevent and eliminate elder abuse, neglect, and exploitation.

Cracks down on Medicare fraud

• Includes new resources and tools to protect taxpayer dollars by preventing fraud in Medicare and Medicaid.
• Allows the Department of Health and Human Services to share IRS data to help screen and identify fraudulent providers.

• Strengthens oversight of Durable Medical Equipment providers.
• Increases overall funding for the Health Care Fraud & Abuse Control Fund to $700 million over the next decade.

Creates Independent Payment Advisory Board (IPAB)

• Establishes IPAB and requires the Board to propose recommendations for reducing Medicare spending, while maintaining quality and access, if Medicare per capita growth rates exceed targets, beginning in January 2014.
• Requires IPAB to submit an advisory report for years it does not submit a proposal.
• Requires proposals to be automatically implemented unless Congress enacts alternative proposals that achieve the same savings, or unless the Secretary implemented recommendations in the prior year.
• Prohibits IPAB from recommending changes that would ration care or modify benefits, eligibility, premiums, or taxes.
• Exempts certain providers, such as hospitals, from recommendations prior to 2019.
• Requires IPAB to submit recommendations every two years on slowing the growth in national health expenditures, beginning 2015.
• Requires the Board to submit an annual report on system-wide health care costs, access, utilization, and quality of care, beginning July 1, 2014.

Improves health coverage for those ages 50 - 64

• Creates a temporary reinsurance pool (until the State Exchanges are available in 2014) to help offset the costs of expensive health claims for employers providing health benefits for retirees aged 55-64.
• Postpones elimination of deduction for employers receiving a subsidy for maintaining a prescription drug plan for their Medicare Part D eligible retirees until 2013.
• Limits age rating of premiums to no more than 3:1.
• Provides higher thresholds for the excise tax applying to high cost employer provided plans for retirees (*e.g*. limits of $10,200 for single coverage and $27,500 for family coverage before tax applies are increased to $11,850 and $30,950 respectively for retirees.) The dollar thresholds are indexed with inflation, and employers with higher costs due to the age demographics of their employees may use national data to value their coverage

Expands benefits for Long-Term Care

• Creates a new, voluntary self-funded long-term care insurance program, provided through the workplace, to help people with severe disabilities remain in their homes and communities (CLASS Act). Implementation of this program is on hold.

Provides incentives to expand the health care workforce

• Invests in training programs to increase the number of primary care doctors, nurses, and public health professionals.
• Expands funding for scholarships, loan repayments, and tax incentives for primary care practitioners working in underserved areas.

Expands income-related provisions in Medicare
• Freezes the threshold for "means tested" (*i.e*. based on income) Medicare Part B premiums through 2019; the threshold will no longer move up with inflation.

• Requires higher Medicare Part D premiums for beneficiaries with incomes above $85,000 for individuals and $170,000 for couples, similar to Part B.

Increases Medicare taxes for high-income individuals

• Increases the Medicare payroll tax by 0.9 percent for individuals earning over $200,000 ($250,000 for those who are married and file a joint return) beginning in 2013. The law also applies the Medicare tax to some investment income for the first time. (Income from retirement plans, such as pensions, 401(K), and IRAs, is not included.) The money raised by the additional tax on wages will be credited to the Medicare Part A Trust Fund that pays hospital costs.

Miscellaneous

• Allows individuals over age 65 to continue claiming the itemized deduction for medical expenses at 7.5 percent of adjusted gross income through 2016. The floor then rises to 10 percent thereafter (floor rises to 10 percent for those under age 65 beginning in 2013).

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