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Health-Care Reform: Considerations for Seniors





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The health-care reform legislation enacted in 2010 contains some provisions that directly affect our nation's older population. If you're a senior, you may be concerned about how these reforms may affect your access to health care and the benefits you are currently receiving.

Medicare spending cuts

Not surprisingly, you're probably concerned about potential cuts in Medicare benefits. At the outset, the legislation does not affect Medicare's guaranteed benefits. However, a goal of the health-care legislation is to slow the increasing cost of Medicare premiums you pay, and to ensure that Medicare will not run out of funds. To help achieve these goals, some cuts in Medicare spending will occur over a ten-year period, beginning in 2011, particularly targeting Medicare Advantage programs--Medicare programs provided through private insurers but subsidized by the federal government. These cuts could reduce or eliminate some of the extra benefits your Medicare Advantage plan may offer, such as dental or vision care, and your insurer may choose to increase your premiums to offset the decrease in government reimbursements. But Medicare Advantage plans cannot reduce your primary Medicare benefits, nor can they impose deductibles and co-payments that are greater than what is allowed under the traditional Medicare program for comparable benefits. And, you may have access to more doctors because some of the federal funds previously earmarked for Medicare will be reallocated to doctors and surgeons as an incentive to treat Medicare patients.

Medicare Part D drug program changes

If you're a Medicare Part D beneficiary, you may be surprised to find that you have to pay for the entire cost of prescription drugs out-of-pocket after reaching a gap in your annual coverage, referred to as the "donut hole." In fact, you may pay up to an additional \$3,610, out-of-pocket, for medicines after reaching an initial threshold of \$2,830 in total prescription drug costs (including Part D payments, beneficiary co-pays, and deductibles). But, in 2010, Part D beneficiaries falling in the donut hole received a \$250 rebate, and, in 2011, beneficiaries received a 50 percent discount on brand-name drugs. By 2020, a combination of federal subsidies and a reduction in co-payments will completely eliminate the donut hole. However, if your annual income is greater than \$85,000 (\$170,000 for couples), you will see your Part D premiums increase as the federal subsidy offsetting some of the cost of Medicare Part D premiums is reduced.

Benefits added to Medicare

The legislation also improves some traditional Medicare benefits. For example, as a Medicare beneficiary, you will receive free wellness and preventive care beginning in 2011.

Increased access to home-based care

If you're like most people who are facing a long-term disability or illness, you'd probably rather receive care at home instead of at a hospital or nursing home. The new health-care reform law provides for programs and incentives for greater access to in-home care.

The Community First Choice Option will be available for states to add to their Medicaid programs, beginning in 2011. This option will provide benefits to Medicaid-eligible individuals for community-based care instead of placement in a nursing home. In addition, the State Balancing Incentive Program, also beginning in 2011, will provide increased federal funds to qualifying states that offer Medicaid benefits to disabled individuals seeking long-term care services at home, or in the community, instead of in a nursing home. In an attempt to reduce costs associated with multiple emergency room visits and hospital readmissions for the same chronic illness, the Independence at Home demonstration program provides Medicare beneficiaries with chronic conditions the opportunity to receive primary care services at home.

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