

The Senate Health Care Reform Bill: How Would it Affect Older Americans?

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The Senate is now considering its health reform legislation - The Patient Protection and Affordable Care Act.

The following is a summary of the bill's provisions that would affect older Americans.

How would the bill improve benefits for seniors?

Home and Community-Based Long-Term Care: The legislation includes a version of the Community Living and Support Services (CLASS) Act, which is a new, voluntary long-term care insurance program. It would provide a cash benefit to help seniors and people with disabilities in need to obtain services and supports to enable them to remain in their own homes and communities. The bill also includes provisions to improve access to Medicaid home and community-based services (HCBS), such as:

- A Community First Choice option to provide for personal attendant care services, along with a 5% increase in the federal Medicaid match rate for these services.
- Protections against spousal impoverishment for married recipients of HCBS, identical to those currently required for spouses of nursing home residents.
- Removal of barriers for states to provide Medicaid HCBS under a flexible state plan amendment option.

Prescription Drug Coverage: The bill would require Medicare Part D drug manufacturers to provide a 50% discount on the negotiated price of covered brand-name drugs to individuals in the coverage gap or "doughnut hole." In 2010, the coverage gap would be reduced by \$500, but would revert back to its previous higher level in 2011. A uniform appeals process would be established and made more easily accessible.

Help for Low-Income Medicare Beneficiaries: The legislation offers some help for beneficiaries with limited means. It would:

- Provide \$45 million in additional funding to area agencies on aging, state health insurance counseling programs, aging and disability resource centers, and the National Center for Benefits Outreach and Enrollment to help find and enroll eligible individuals in Medicare low-income benefits.
- Eliminate prescription drug cost-sharing for individuals who receive Medicaid HCBS.
- Stabilize the prescription drug low-income subsidy program by reducing the need for beneficiaries to switch plans from year to year.
- Create a new office to improve coordination for beneficiaries who are eligible for both Medicare and Medicaid ("dual eligibles").

Chronic Care: The bill includes a number of delivery system reforms that would improve the coordination and quality of health care provided under Medicare, to reduce errors and confusion for older adults with chronic conditions, such as diabetes or high blood pressure. Funding also would be available for community-based transitional care services to reduce hospital readmissions.

Elder Justice: The legislation includes provisions to create federal leadership and support to address the growing problems of elder abuse, neglect and exploitation. In addition, states would conduct background checks on individuals seeking employment in nursing homes to screen for prior criminal activity.

Preventive Care: The bill eliminates deductibles and coinsurance for Medicare-covered preventive benefits, making them free. Medicare also would cover an annual free wellness visit. Investments would be made in a Prevention and Public Health Fund.

Nursing Home Transparency: The legislation increases the transparency of nursing home's finances and quality and authorizes civil monetary penalties for deficiencies.

Workforce: The bill establishes a six-state demonstration program to develop core competencies, pilot training curricula, and certification programs for personal and home care aides. It also authorizes funding to support training in geriatrics, chronic care management, and long-term care for faculty in health professions schools and family caregivers, and develop curricula and best practices in geriatrics.

How would the bill affect Medicare?

The legislation reduces Medicare spending by more than \$400 billion over 10 years. Slowing the growth in spending would extend Medicare Trust Fund solvency for an estimated 5 years. Savings would come primarily from reducing payments to private Medicare Advantage (MA) managed care plans by \$118 billion (see below); reducing the rate of annual payment increases to Medicare providers, such as hospitals, nursing homes and home health agencies by \$192 billion; and reducing Medicare and Medicaid payments by \$43 billion to hospitals serving a large number of low-income patients (Disproportionate Share Hospitals). The bill freezes the threshold for income-related Medicare Part B premiums for 2011 through 2019, and reduces the Medicare Part D premium subsidy for those with incomes above \$85,000/individual and \$170,000/couple (identical to Part B thresholds). The bill does not cut any Medicare-covered benefits.

The legislation establishes an Independent Medicare Advisory Board, which would be required, under certain circumstances, to recommend changes to Medicare limit the rate of growth in spending. Those recommendations would go into effect automatically, unless blocked by legislative action.

Recommendations would be required if the Medicare trustees projected that the program's spending per beneficiary would grow more rapidly than a measure of inflation. The board would not be permitted to make recommendations to cut benefits or increase beneficiary premiums or cost sharing. This provision is projected to reduce Medicare spending by \$23 billion from 2015 to 2019.

How would the bill affect access to doctors?

If nothing happens this year, Medicare payment rates to physicians will be cut by about 21% on January 1, 2010. Many believe that such a reduction would adversely affect beneficiaries' ability to see the doctor of their choice, particularly in rural areas. The Senate legislation would avoid the scheduled cut by providing a 0.5% increase in physician payments for two years. In addition, the bill would further increase payments to primary care physicians by 10% to help address growing shortage concerns.

How would the proposal affect Medicare Advantage (MA)?

An estimated 23% of Medicare beneficiaries are currently enrolled in MA - managed care plans administered by private insurance companies. On average, these plans are currently paid 14% more than the traditional fee-for-service program - up to 20% more in some parts of the country. This means that Medicare pays an average of \$1,138 more this year for an MA enrollee than it does for a traditional program enrollee. The MA overpayments also increase premiums for all beneficiaries by \$3.60 per month. Several years ago, MA plans were paid 5% less than the traditional program, under the assumption that they were more efficient and could save the program money.

The Senate bill's reductions in MA payments could lead plans to limit benefits, raise their premiums, or withdraw from the program. The extra benefits that could be cut include such items as eyeglasses, hearing aids, and health club memberships. Some MA enrollees may see increases in their premiums. Some will have to go back into an improved traditional Medicare program. If this occurs, and a senior chooses to purchase an additional Medigap policy, his or her total cost is likely to increase. However, the 77% of beneficiaries in traditional Medicare would see no benefit reductions under the Senate bill.

How would the proposal affect the federal budget deficit?

According to the Congressional Budget Office (CBO), the proposal would reduce the deficit by \$130 billion over 10 years. CBO expects that the bill will continue to reduce the deficit in subsequent decades as well.