



AFFORDABLE CARE ACT AND MEDICARE HOW DOES HEALTH CARE REFORM AFFECT MEDICARE BENEFICIARIES?

On March 23, 2010, President Obama signed the Affordable Care Act (ACA). The law puts into place comprehensive health insurance reforms that will phase in over four years and beyond.

Medicare changes already effective:

2010

- Offered Relief for 4 Million Beneficiaries Who Hit the Medicare Prescription
 Drug "Donut Hole." An estimated four million seniors reached the gap in
 Medicare prescription drug coverage known as the "donut hole" in 2010. Each
 eligible senior received a one-time, tax free \$250 rebate check. The first
 checks were mailed in June, 2010, and continued monthly throughout 2010 as
 seniors hit the coverage gap.
- Cracking Down on Health Care Fraud. Efforts to fight fraud have returned more than \$2.5 billion to the Medicare Trust Fund in fiscal year 2009 alone. The new law invests new resources and requires new screening procedures for health care providers to boost these efforts and reduce fraud and waste in Medicare, Medicaid, and CHIP. Many provisions effective now.
- Medicare-Medicaid Coordination Office. Created by the Affordable Care Act, the new Federal Coordinated Health Care Office (the Medicare-Medicaid Coordination Office) works to improve coordination between the Federal government and States for Medicare-Medicaid enrollees in order to ensure full access to covered services in both programs and high quality care. Created in September 2010.

2011

- Offered Prescription Drug Discounts. Seniors who reached the coverage gap received a 50% discount when buying Medicare Part D covered brand-name prescription drugs. Over the next ten years, seniors will receive additional savings on brand-name and generic drugs until the coverage gap is closed in 2020. Effective January 1, 2011.
- Providing Free Preventive Care. The law provides certain free preventive services, including annual wellness visits and personalized prevention plans for seniors on Medicare. As well as waiving the Medicare deductible for colorectal cancer screening tests, authorizes Medicare coverage for a stated previously personalized prevention plan, including a comprehensive health risk assessment. Effective January 1, 2011.
- Improving Health Care Quality and Efficiency. The law established a new Center for Medicare & Medicaid Innovation that will begin testing new ways of delivering care to patients. These methods are expected to improve the quality of care, and reduce the rate of growth in health care costs for Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). Effective January 1, 2011.
- Improving Care for Beneficiaries After They Leave the Hospital. The
 Community Care Transitions Program will help high risk Medicare beneficiaries
 who are hospitalized avoid unnecessary readmissions by coordinating care and
 connecting patients to services in their communities. Effective January 1,
 2011.
- Medicare Premiums for Higher-Income Beneficiaries. The law freezes the
 income threshold for income-related Medicare Part B premium for 2011
 through 2019 at 2010 levels. This change has resulted in more people paying
 income-related premiums and reduces the Medicare Part D premium subsidy
 for those with annual incomes about \$85,000/individual and \$170,000/couple.

2012

- **Medicare Independence at Home Demonstration**. Creates the Independence at Home demonstration program to provide high-need Medicare beneficiaries with primary care services in their home. *Effective January 1, 2012*.
- **Reduced Medicare Payments for Hospital Readmissions.** Reduces Medicare payments that would otherwise be made to hospitals to account for excess (preventable) hospital readmissions. *Effective October 1, 2012.*

2013

No Medicare changes in 2013

Future Medicare Changes:

<u>2014</u>

- **Medicare Advantage Plan Loss Ratios.** Requires Medicare Advantage plans to have medical loss ratios no lower than 85%. *Effective January 1, 2014*.
- Medicare Payments for Hospital-Acquired Infections. Reduces Medicare payments to certain hospitals for hospital-acquired conditions by 1%. *Fiscal Year 2015*.