How the Affordable Care Act affects people with Medicare

Health Care Reform, Medicare, and You
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WPS HEALTH INSURANCE
Be Happy. Live Healthy.
Health care reform impacts Medicare

The Affordable Care Act (ACA) isn’t just for the younger generations. If you’re on Medicare right now or are approaching age 65, it may affect you. This sweeping health care reform legislation has changed much about health insurance since it was passed in 2010. Some changes are already in place and more are still to come during the next few years.

Read through this brochure to find out some of the ways the ACA impacts Medicare coverage.

This brochure contains information that may help you understand some of the new rules. It is intended for informational purposes only and should not be considered legal advice. The information is not specific to WPS policies, but rather intended as general educational material; actual plan details may vary. For detailed information and guidance related to the Affordable Care Act, please talk to your health insurance agent/broker or your WPS representative. In the emerging health care reform era, your agent is likely to become an even more important resource. You can also refer to www.healthcare.gov (the official website for health care reform set up by the U.S. Department of Health and Human Services), your attorney, or your accountant.

Seniors get extra benefits from the ACA

The Affordable Care Act (ACA) gives Medicare-age people a little extra help. It protects basic Medicare benefits and improves other benefits. Under the health care reform law, no guaranteed Medicare benefits are cut or eliminated.¹

Donut hole

You’ve probably heard about the coverage gap, or “donut hole,” in Medicare prescription drug coverage. The ACA helps you pay for your drugs when you reach this gap.

In 2013, people in the donut hole pay 47.5% of what the plan charges for brand-name drugs, which is a 52.5% discount.² There is also a 21% discount on generic drugs. By 2020, the amount people pay will shrink to 25% until they reach the catastrophic coverage level. One important note here is that although you will pay only a percentage of the price for the brand-name drug, the entire drug cost will count toward the amount you need to qualify for catastrophic coverage.

<table>
<thead>
<tr>
<th>Year</th>
<th>Brand-name drug discount</th>
<th>Generic drug discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>52.5%</td>
<td>21%</td>
</tr>
<tr>
<td>2014</td>
<td>52.5%</td>
<td>28%</td>
</tr>
<tr>
<td>2015</td>
<td>55%</td>
<td>35%</td>
</tr>
<tr>
<td>2016</td>
<td>55%</td>
<td>42%</td>
</tr>
<tr>
<td>2017</td>
<td>60%</td>
<td>49%</td>
</tr>
<tr>
<td>2018</td>
<td>65%</td>
<td>56%</td>
</tr>
<tr>
<td>2019</td>
<td>70%</td>
<td>63%</td>
</tr>
<tr>
<td>2020</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

¹ Under the health care reform law, no guaranteed Medicare benefits are cut or eliminated.

² In 2013, people in the donut hole pay 47.5% of what the plan charges for brand-name drugs, which is a 52.5% discount. There is also a 21% discount on generic drugs.
Preventive services
One of the aspects of ACA that many people like is that preventive services are 100% covered. There’s no copay and you don’t have to meet your deductible first. Your annual wellness visit and your necessary screenings are all covered. Benefits include:

• Abdominal aortic aneurysm screening
• Alcohol misuse screening and counseling
• Bone mass measurements (bone density)
• Cardiovascular disease screening
• Cardiovascular disease (behavioral therapy)
• Cervical and vaginal cancer screening
• Colorectal cancer screening
• Depression screening
• Diabetes screening
• Diabetes self-management training
• Glaucoma tests
• HIV screening
• Mammograms (screening)
• Nutrition therapy services
• Obesity screening and counseling
• One-time “Welcome to Medicare” preventive visit
• Prostate cancer screening
• Sexually transmitted infection screening and counseling
• Shots: flu, hepatitis B, pneumococcal
• Tobacco use cessation counseling
• Yearly “Wellness” visit

You can read more about the expanded preventive and screening services put in place by the ACA online at www.medicare.gov/coverage/preventive-and-screening-services.html.
Help for long-term care

In the United States, there are currently millions of older adults who need help at home and are often forced to spend their life savings to get the care they need. Medicare does not cover long-term care at home and many people do not purchase private long-term care insurance. Medicare pays only for time-limited, medically necessary skilled nursing facility care or home health care if you meet certain conditions. Through ACA, federal funds will be given to states that provide in-home services through Medicaid.

PACE
The Program of All-Inclusive Care for the Elderly (PACE) is a Medicare and Medicaid program that allows people who otherwise need nursing home-level care to remain at home. PACE provides coverage for prescription drugs, doctor visits, transportation, home care, check-ups, hospital visits, and even nursing home stays when necessary.

To qualify for PACE, you must meet the following conditions:
• You are age 55 or older.
• You live in the service area of a PACE organization.
• You are certified by your state as needing a nursing home level of care.
• At the time you join, you are able to live safely in the community with the help of PACE services.

In Wisconsin, as of June 2013, PACE programs are available in Waukesha and Milwaukee. You can check for the availability of a PACE organization in your area online at www.pace4you.org.

Elder abuse
ACA also requires enhanced training for workers who care for seniors. It adds protections against elder abuse, neglect, and financial exploitation. In 2012, the U.S. Department of Health and Human Services made $5.5 million in Prevention and Public Health Fund resources available to test interventions for elder abuse prevention in States and tribal communities. These funds will support strategies to effectively prevent and detect instances of elder abuse, neglect and exploitation so individuals are better supported and able to safely remain and thrive in their own homes.

A new agency, the Administration for Community Living, was created in April 2012. Its website, www.acl.gov, is full of resources, including longtermcare.gov, which can help with planning for long-term care.
Higher premiums for higher-income earners

Beginning in 2007, Medicare Part B beneficiaries whose income was greater than $85,000 for an individual or $170,000 for a couple were required to pay a higher Part B premium. The amount of the increase ranges from 35 to 80% of Part B program costs, depending on the income level.

The premium changes were originally indexed to rise with inflation, but were frozen by the Affordable Care Act (ACA) from 2011 through 2019. This freeze will increase the number of beneficiaries who will pay the higher premium during these years. In 2020 and thereafter, the income thresholds will once again be indexed to inflation.

Higher-income Medicare beneficiaries who are enrolled in Part D prescription drug plans will also pay higher premiums for those plans as a result of the ACA. The Part D change follows the same income levels as the Part B change: individuals making $85,000 or more or a couple making $170,000 or more will pay between 35 and 80% more for their Part D plans. As with Part B, the income thresholds are frozen until 2019.

<table>
<thead>
<tr>
<th>Income Level for Individuals</th>
<th>Percentage of Part B and Part D Program Costs Covered by Premiums</th>
<th>Standard</th>
<th>Income-Based</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>$85,000 or less</td>
<td>$85,001-107,000</td>
<td>$107,001-160,000</td>
<td>$160,001-214,000</td>
</tr>
<tr>
<td>$170,000 or less</td>
<td>$170,001-214,000</td>
<td>$214,001-320,000</td>
<td>$320,001-428,000</td>
</tr>
</tbody>
</table>
Stretching the Medicare Trust Fund

The Affordable Care Act (ACA) reduces Medicare spending growth, which extends the solvency of the Medicare Part A Trust Fund for nine more years. This extension means the fund is expected to have insufficient funds to pay all hospital bills beginning in 2024 rather than 2016.\(^8\)

To extend the fund’s life, ACA will reduce overpayments\(^1\) to Medicare Advantage (MA) plans, which are used by about 25% of seniors. MA plans cost Medicare about 13% more than original Medicare. About half of the savings will come from slowing down payment increases to providers, such as hospitals, nursing homes, and home health agencies. About 10% of the savings will come from reducing fraud and waste, along with eliminating program inefficiencies. Some savings will also come from higher-income beneficiaries paying higher Medicare premiums.

The slowdown in payment increases will save money for the Medicare program. The independent, non-partisan Congressional Budget Office (CBO), which is in charge of the Medicare budget, estimates that the law will save Medicare about $400 billion over the next 10 years.

If you’re concerned that Medicare benefits will be reduced, don’t worry. Payments to doctors are not reduced and this slowdown does not affect Medicare benefits in any way.
Sources


6 Medicaid.gov. Program of All-Inclusive Aid for the Elderly (PACE) (). Retrieved from http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Integrating-Care/Program-of-All-Inclusive-Care-for-the-Elderly-PACE/Program-of-All-Inclusive-Care-for-the-Elderly-PACE.html


WPS Health Insurance can help you understand Medicare better!

Visit www.wpsic.com for instant access to simple online tools that help you manage your health and health care:

**Member Area**—If you have a WPS policy, then you can manage your account online. Find a doctor, view your claims and benefits, request a new ID card, update your address, or check eligibility coverage.

**Health Center**—Consult an array of powerful online resources to make better health decisions. You can use action-oriented tools and information to help manage chronic conditions such as asthma and diabetes.

**Learning Center**—Access information and interactive tools, from articles and checklists to glossaries and guides, to better understand health insurance and more effectively manage your family’s health and wellness.

We’re here for you! If you have questions about your health plan or about health insurance in general, contact your local agent, call us at 1-800-351-9925 or email us at WPSIndividualSales@wpsic.com.