

Health Care Reform: Why It's Good News For You

If you're like millions of Medicare beneficiaries, you're not sure how health reform will affect you and your current coverage through Medicare. Although full implementation of the new law will continue for several years, more than a dozen key provisions will take effect this year, including some which will affect Medicare beneficiaries.

First and foremost, it's important to know that the new legislation will not cut any benefits provided under traditional Medicare – and it will even improve some benefits. These benefit improvements include:

More Help with Prescription Drug Costs:

If you are someone who falls into the Medicare prescription drug “doughnut hole” or coverage gap – provisions of the new health reform will help.

- This year the plan will provide a one-time \$250 payment to individuals who reach the coverage gap.
- Also, beginning in 2011, drug company discounts on brand-name drugs and federal subsidies and discounts for all drugs will gradually reduce the gap, eliminating it by 2020. That means that individuals, who now pay 100 percent of their drug costs once they reach the

doughnut hole, will ultimately pay 25 percent.

- And, as under current law, once your out-of-pocket drug costs reach the “catastrophic” level of coverage, you will pay only 5 percent of the cost of your medications for the rest of the year.

Better Preventive Care:

Many health analysts believe that regular check-ups and preventive care help improve the overall health of older people and provide for a better quality of life. Provisions of the new legislation will help in this area also.

- Currently, Medicare pays for a general check-up when someone first enters the program but starting in 2011, the legislation provides for a new, free annual wellness visit.
- You will no longer pay any out-of-pocket costs for preventive benefits under Medicare such as screenings for cancer and diabetes.

Reduce Medicare spending growth:

Over the next 10 years, Medicare spending will continue to grow, but at a slightly slower rate (6% per year, instead of 6.6%). The plan is expected to save Medicare about \$475 billion over 10 years and is expected to extend the solvency of the Medicare Trust

Fund for an additional nine years. Specifically, it will:

- Slow the rate of payment increases to Medicare providers, including hospitals, nursing homes, and home health agencies. Doctors will not be affected. Many providers – whose profits will increase with newly insured patients – have agreed to these new payments.
- Reduce payments to Medicare Advantage (MA) plans. About 75% of seniors are enrolled in traditional Medicare; the rest are enrolled in private MA insurance plans. Many of these MA providers offer extra benefits like eyeglasses or hearing aids ... extras which may be reduced as Medicare Advantage subsidies are brought more in line with the cost of traditional Medicare benefits. However, MA plans will not be allowed to eliminate any guaranteed benefits.
- The legislation also provides more money to fight Medicare fraud via an independent payment advisory board. This board will make recommendations on how to save money in Medicare and extend the financial solvency of the program.

Check out future issues of *LIFE's Vintage Newsmagazine* for more information as it unfolds on the new health care reform.

What Changes are Coming to Medicare Supplement Insurance (Medigap)?

In the April issue of this magazine we discussed Medicare Supplement Insurance (Medigap) and explained that there are 12 different standardized Medigap plans, labeled A-L and each Medigap plan pays for a particular set of benefits.

However, as a result of the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 there will be changes to these plans.

Beginning June 1, 2010:

- Medigap plans E, H, I and J will no longer be sold. Two new plans—M and N—will be offered instead. If you already have a plan E, H, I or J, you can keep it as long as you like.
- New plan M will include the benefits of Medigap Plan A (covering Part A inpatient hospital coinsurances and Part B coinsurances), and also cover half of the Part A deductible and some of the cost of foreign travel emergencies.
- New Plan N will also cover Medigap Plan A benefits except for \$20 copayments for office visits and \$50 copayments for emergency room visits. Plan N will also offer foreign travel emergency coverage and cover the full Part A deductible.
- Also beginning June 1, 2010, the rest of the Medigap plans will have small benefit changes. All plans sold after June 1, 2010 will no longer offer at-

home recovery and preventive care benefits but will offer a hospice benefit. If you keep the Medigap plan you had before June 1, 2010, your benefits will stay the same unless you are otherwise notified by your plan.

Before 2006, Medigap plans H, I and J were sold with drug coverage. These plans are no longer sold with drug coverage. If you bought a Medigap plan H, I or J with drug coverage before 2006, you can keep the drug coverage benefit. However, it is not considered as good as the Medicare drug benefit (“creditable”) and you cannot have drug coverage both through your Medigap and through the Medicare drug benefit (Part D). You may pay a penalty if you do not enroll in a Medicare private drug plan when you are first eligible.

Where can I get more information? You should shop carefully for Medicare supplement insurance. First, decide what benefits and services you are most likely to need and then narrow your insurance company choices. Compare several companies' prices and services before making your decision. For help understanding Medicare benefits contact the Senior Health Insurance Counseling Program (SHIP) at LIFE Senior Services: (918) 664-9000 or toll-free at (866) 664-9009.