



# HEALTH REFORM FACT SHEET: SENIORS

On March 23, 2010, President Obama signed the Patient Protection and Affordability Act. This historic health care legislation will extend coverage to millions of uninsured Americans, increase consumer protections particularly for those with pre-existing conditions, and extend additional financial assistance to seniors on Medicare. A week later, the President signed the Health Care and Education Reconciliation Act of 2010, which made several important “fixes” to the original bill.

Together, these new federal laws will support Massachusetts’ commitment to health reform by making coverage more affordable for the state and its residents and by providing funding for primary care and public health. The new laws will extend coverage to 31 million Americans by expanding public and private insurance coverage, instituting an individual mandate (requiring all adults to have health coverage if affordable) and requiring employer participation.

How will health reform impact seniors? Here are the details:

- **Preventive Services:** From annual checkups to cancer screenings, many preventive services will be free for those who receive Medicare. No co-pays or deductibles will be required. By fall of 2011, Medicare patients will have access to a comprehensive health risk assessment and a free personalized prevention plan to help them and their doctors continue to focus on wellness instead of just illness.
- **Prescription Drug Benefits:** Currently, Medicare helps pay up to \$2,830 a year for drugs. The coverage stops at that level until the bill for drugs reaches \$6,440. This design leaves the recipient responsible for all drug costs between \$2,830 and \$6,440 annually, leaving a “doughnut hole” in the reimbursement scheme. The new law will close this gap for Medicare prescription drug plans by 2020 through a series of reforms, beginning in July 2010. This year, seniors who fall into the “doughnut hole” will receive a \$250 rebate from the federal government. In 2011, they will receive a 50 percent discount on brand-name drugs. Also, seniors will receive a 7 percent discount on generic drugs, which will increase 7 percent every year thereafter. About 80,700 Massachusetts seniors will see their prescription drug coverage improve.
- **Consumer Protections:** The federal plan implements several policies over the next year to protect consumers in the health insurance market. Specifically, it eliminates lifetime and unreasonable annual limits on benefits, and prohibits insurance companies from

rescinding insurance policies due to claims. It prohibits pre-existing condition exclusions for children by the end of 2010. It provides \$5 billion in immediate federal assistance for those who are uninsured because of pre-existing conditions to participate in a temporary high-risk insurance pool. By 2014, all insurance companies will be prohibited from denying coverage due to pre-existing conditions.

- **Medicare Advantage:** Beginning in 2012, the law reduces overpayments to Medicare Advantage insurance plans by \$132 million over 10 years. This change could cause some insurers to reduce some of the benefits they offer – gym memberships, free eyeglasses and other perks. Others may choose to leave this market, which would require some seniors to have to switch coverage. There are about 198,000 Massachusetts residents enrolled in Medicare Advantage. If you are concerned about changes in your coverage, please call the numbers listed at the bottom of this fact sheet for assistance.
- **Affordability:** Beginning in 2014, the federal plan will begin to provide additional subsidies to moderate-income Massachusetts residents to help them pay for premiums. Massachusetts offers subsidies for individuals and families with incomes up to 300% of the federal poverty level (or \$32,496 for a family of one). The final health law will provide subsidies up to 400 % of the federal poverty level (or \$43,320 for a family of one). It is estimated that 75,000 Massachusetts residents will qualify for this assistance.
- **Invests in Primary Care:** Approximately 464,000 people, or 7 percent of the Massachusetts population, cannot access a primary care provider due to shortages in their communities. Health insurance reform will expand and improve programs to increase the number of health care providers, including doctors, nurses, and dentists, especially in rural and other underserved areas. Through loan repayment programs, scholarships, and changes in reimbursement policy, beginning in fall 2010, the legislation encourages health professionals to pursue careers in primary care, which will help alleviate the shortages that Massachusetts has experienced in this critical area.
- **Tax Code Changes:** Beginning in 2013, there will be a 40% tax on the most expensive insurance plans, which have been called “Cadillac” plans. This will affect only about 8,600 of the 6.2 million people insured in Massachusetts and will not be in effect until 2018. Also in 2013, the bill adds 0.9 of a percentage point to the Medicare payroll tax for individuals with earned income above \$200,000 and for couples making above \$250,000, and imposes a new 3.8 percent tax on investment income of people in those tax brackets.

**For more information, please call the Mayor’s Health Line at (617) 534-5050.**