

FREQUENTLY ASKED QUESTIONS

1. Will the new law cut my Medicare benefits?

The new law will **not** cut basic Medicare—and, in fact, it will give you more benefits. For example, everyone who has Medicare will receive a free annual wellness visit starting in 2011. And Medicare's screening and preventive services will be completely free next year. People with Medicare's drug coverage who fall into the coverage gap, known as the "donut hole," will receive a check for \$250 this year to help with their drug costs, plus they'll see significant discounts to their drug costs starting next year. [Section 3301]

2. Will the new law cut Medicare spending?

Medicare spending is growing rapidly and will continue to grow. But over the next 10 years, the new law will slow the **rate of growth**—from 6.8% per year to 5.5%. These figures come from the independent, non-partisan Congressional Budget Office (CBO), which is the group responsible to Congress for health reform cost estimates. Average yearly spending increases *per person* will be reduced from about 4% to 2%, adjusted for inflation.

3. How will the new law affect Medicare solvency?

CBO projects that the new law will save Medicare about \$400 billion over 10 years and extend the solvency of the Medicare



Trust Fund for an additional nine years— from 2017 to 2026.

4. How will the new law affect the federal budget deficit?

Under the new law, Medicare spending increases will slow down and new revenues will be raised, primarily from taxes paid by people with incomes over \$200,000. Together, the savings and dollars coming in are expected to be greater than the money going out to pay for new benefits.

Therefore, the CBO has estimated that the new law will **reduce** the budget deficit by \$124 billion over 10 years.

5. Will the new law make it easier to receive and pay for long-term care at home?

Yes, the law provides new incentives for states to make it easier for lower income people who are on Medicaid to get long-term care **at home** instead of in a nursing home by providing extra federal funds to provide in-home services. Also, the law creates the CLASS Act (Community Living Assistance Services and Supports), which allows full and part-time workers with incomes of at least \$1,200 per year to enroll in a program that provides a cash benefit averaging \$75 per day to help them stay at home when they become unable to care for themselves. Workers can choose to participate and have premiums deducted from their paychecks. [Section 8002]

6. Will the new law improve care for older adults in other ways?

- Starting in 2010, companies can get tax incentives if they continue to offer early retirees health insurance, thus lowering the cost of premiums for these individuals
- Starting in 2011, Medicare will pay bonuses of 10% to primary care doctors (general practitioners), which will improve access to these doctors. [Section 5501]
- There will be improvements in some nursing home quality standards. [Sections 6101-6114]

- There will be improved training for workers who care for seniors. [Sections 5302 and 5305]
- There will be new protections against elder abuse, neglect, and financial exploitation. [Section 6703]

7. How does the new law improve the quality of care for Medicare beneficiaries with chronic illnesses, such as diabetes and high blood pressure?

The law includes new pilot projects that will lead to better quality, communication, and coordination among doctors, specialists, and other providers for people with chronic health conditions. If you must be hospitalized, the law will help you return home successfully—and avoid going back into the hospital—by providing incentives for hospitals to make sure that you get the services you need in your community and by teaching you to take good care of yourself. [Sections 3021, 3024, 3502]

8. How will the new law improve health insurance coverage for younger Americans who don't have Medicare?

According to the CBO, the new law will provide health insurance to 32 million citizens who previously did not have it, starting in 2014. New consumer protections will also be provided to prevent discrimination and ensure that insurance companies cannot drop coverage for people who become ill.

9. How does the new law improve preventive care for Medicare beneficiaries?

A new, free, yearly wellness checkup will allow you and your doctor to develop a prevention plan to keep you healthy. And a range of prevention services, such as cancer and diabetes screenings, will be provided free — no more cost sharing. Additional funding will be provided for a range of prevention services for Americans of all ages. [Sections 4103 and 4104]

10. Will Medicare Advantage plans cut benefits and increase premiums?

We don't know. This year, private insurance companies running Medicare Advantage (MA) plans are paid about \$1,100 *more* per person than what is paid for people in original Medicare. As a result of health reform, starting in 2012 payment rates to MA plans will be gradually reduced in many parts of the country, so that they are about the same as rates under original Medicare. It is unclear how MA plans will respond to these changes. They may choose to increase premiums, reduce extra benefits, or even leave the Medicare program. **However, they are not allowed to cut any benefits provided under original Medicare.** If you are in a MA plan, it makes sense to review your options during the fall annual enrollment period, just like everyone with Medicare should do each year, to see which way of getting Medicare best meets your needs.

11. How does the new law impact Federal Employee Health Benefits?

According to the Office of Personnel Management, it has been preparing to implement health reform since the day it was signed into law. Federal employees, retirees, and their families will be impacted in the same way that all other individuals are impacted, with one exception. The provision that requires adult children up to age 26 to be eligible for health insurance coverage under their parents' plan will not go into effect until Jan. 1, 2011 for FEHB plans.

<http://www.opm.gov/insure/health/reform/index.asp>

12. How does the new law impact military health benefits, like TRICARE for Life and VA benefits?

The new law does not impact military health benefits.

http://www.tricare.mil/NHCB_QnA.aspx

For more information, please visit www.NCOA.org/StraightTalk