
Medicare and the Affordable Care Act

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Medicare Savings in the Affordable Care Act

- The Affordable Care Act strengthens Medicare's financing without hurting beneficiaries. The biggest savings come from:
 - Reducing or eliminating overpayments to private Medicare Advantage plans;
 - Slowing the rate of growth in payments to hospitals and other health care providers;
 - Increasing efforts to reduce waste, fraud and abuse.
- It is important to remember that Medicare spending will continue to grow each year and provider reimbursements will increase. The spending will increase at a slower rate than was projected before passage of the Affordable Care Act.
- Medicare savings stay in the Medicare program, which is why:
 - The Part A Trust Fund's solvency has been extended by 8 years.
 - Part B out-of-pocket costs for beneficiaries have been lowered. Part B monthly premiums are lower than expected in 2012, and, for the first time ever, the Part B annual deductible was reduced - from \$162 to \$140.

Improvements for Beneficiaries

- Medicare beneficiaries are eligible to receive many preventive services with no out-of-pocket costs. These include flu shots, mammograms, and tobacco use cessation counseling, as well as screenings for cancer, diabetes, and other chronic diseases.
- Additional benefits include an annual wellness visit, including the development of a personalized prevention plan.
- Last year over 32 million seniors received at least one of these preventive services with no out-of-pocket costs.

Lower Prescription Drug Costs

- Medicare beneficiaries who fall into the Part D prescription drug coverage gap, known as the "donut hole," automatically receive a discount on prescription drugs. Each year, the cost paid by beneficiaries will be less for brand name and generic drugs in the coverage gap and the donut hole will be eliminated by 2020.
- In 2012, Medicare beneficiaries in the donut hole are receiving a 50 percent discount on brand-name drugs and a 14 percent discount on generics.
- In 2011, 3.6 million beneficiaries who reached the coverage gap saved more than \$2.1 billion on their prescription drugs, which averages \$635 in savings for seniors and people with disabilities.
- Women especially benefited from the Part D savings, as 2.05 million women saved \$1.2 billion on their prescription drugs in 2011.

Payment and Delivery System Reforms

- Boosts payments for primary care.
- Improving quality and slowing cost growth is a key goal of health care reform. Examples of this are encouraging reductions in preventable hospital readmissions & hospital-acquired infections - better for patients, better for financing.
- The Affordable Care Act includes proposals – being implemented by the Centers for Medicare and Medicaid Services - to improve care, especially for those with multiple chronic conditions, which accounts for 90 percent of Medicare spending, and for those dually eligible for Medicare and Medicaid.
- These include accountable care organizations, bundled payments, medical homes and other care coordination efforts.
- CBO scoring is very cautious.

Improvements for Medicare Advantage Plan Members

- About 25 percent of beneficiaries are enrolled in Medicare Advantage plans. The ACA includes important protections for them.
- Medicare Advantage plans are prohibited from charging enrollees more than traditional Medicare for chemotherapy administration, skilled nursing home care, and other specialized services.
- Starting in 2014, the health care law provides additional protections for Medicare Advantage plan members by taking strong steps that limit the amount these plans spend on administrative costs, insurance company profits, and items other than health care to 15 percent of their Medicare payments.

Helping Americans Age 50-64

- The following ACA provisions, effective in 2014, are particularly important for the millions of Americans age 50 – 64 who do not have health insurance:
 - Prohibiting denial of health insurance coverage to individuals because of pre-existing health conditions,
 - Prohibiting lifetime and annual limits on benefits,
 - Limiting age rating which will make insurance more affordable for older people,
 - Expanding Medicaid.
- It will reduce costs for Medicare if newly-eligible beneficiaries are healthier when they enter the program.

Challenges Ahead

- Opposing efforts to repeal the Affordable Care Act, which would take away benefits Medicare beneficiaries already have as well as future improvements.
- Protecting the Medicare program and its beneficiaries from deficit-reduction proposals that would increase out-of-pocket costs for beneficiaries, proposals such as House Budget Committee Chairman Paul Ryan's plan that would end traditional Medicare as we know it by turning it into a defined contribution voucher program rather than a defined benefit program.
- Encouraging governors to take advantage of the Medicaid expansion in the Affordable Care Act.
- Medicare and the Affordable Care Act are important issues in the Presidential and Congressional campaigns.
- All of us must continue our efforts to educate Americans of all ages about the important benefits this law provides.

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