



ElderCare Q&A

Health Reform, Medicare & You

Q: Will Health Care Reform change the Medicare program?

A: Yes it will. Health Care Reform is the top story out of Washington, D.C. these days. President Barack Obama says Medicare is a "sacred trust" with America's seniors, and that health care reform will not break that trust. The White House says that health insurance reform will improve the quality of care in Medicare, reduce costs for seniors, and make sure Medicare is there for them in the future.

Here is what the President is saying about Medicare:

- **The government is overpaying private insurance companies.** Medicare Advantage allows seniors to receive services via private plans. The federal government pays private insurance companies on average 14% more for elders in the Medicare Advantage plan than in the traditional Medicare program. There is no evidence that this extra payment leads to better quality care. Seniors can end up spending more out-of-pocket under a Medicare Advantage plan, not less.
- **All seniors in Medicare subsidize private insurance companies.** All Medicare beneficiaries pay the price of these overpayments through higher premiums. A typical couple in traditional Medicare will pay on average nearly \$90 more next year to subsidize private insurance companies.
- **The overpayments will make Medicare go bankrupt sooner.** Medicare Advantage overpayments will push the Medicare Trust Fund into bankruptcy 17 months earlier than if the overpayments did not exist. Health insurance reform will end these overpayments, and ensure that Medicare dollars are used to improve the quality of care for all seniors, rather than support the profits of private insurance companies. The typical older couple will need to save \$300,000 to pay for health care costs not covered by Medicare alone.
- **Rising drug costs** are a major cost factor. The Medicare drug benefit includes a coverage gap known as the "donut hole." Average drug costs in this gap are \$4,080 per year. Health insurance reform will close this coverage gap in Medicare Part D over time. Reform will also provide seniors with a discount of 50% for their brand-name medication costs in the coverage gap, saving thousands of dollars for some seniors.
- **Preventive care** is another area in need of improvement. Many seniors do not receive recommended preventive and primary care. For example, one in five women age 50 and over have not received a mammogram in the past two years, and nearly two in five adults age 50 and over have never had a colonoscopy. Seniors in Medicare must pay 20% of the cost of many preventive services, but under health insurance reform, a senior would not pay anything for a screening colonoscopy or other preventive services. Reform will eliminate any deductibles, copayments, or other cost-sharing for obtaining preventive services.
- **Improving quality** is another goal of health care reform. Nearly 20% of Medicare patients who are discharged from the hospital end up being readmitted within 30 days. Medicare spends \$15 billion on preventable hospital readmissions. Health reform will reward high-quality care, and invest in patient safety. An investment in patient-centered research will empower seniors and their doctors with information on which treatments work --- and which don't.
- **Long-term care** is also not affordable or accessible for many seniors. 65% of those who are 65 today will need long-term care services at home, which can cost on average \$18,000 per year. Medicare only pays for long-term care for a short period of time, but health insurance reform will create a new voluntary long-term care services insurance program, which will provide a cash benefit to help seniors and people with disabilities obtain care to allow them to remain in their homes.
- **Conclusion:** Health reform will extend the life of the Medicare Trust Fund, reduce overpayments to private plans and improve quality of care, lower out-of-pocket costs, and add a new long term care benefit.

The White House says that "many seniors have heard misinformation regarding health insurance reform." The Administration hopes that by explaining why they believe reform will improve Medicare, that older people will agree that the President is "committed to protecting and strengthening Medicare for America's seniors."