



AARP®

**HEALTH
CARE** *and you*

The Health Care Law and Medicare

Like many people with Medicare, you probably have questions about what the health care law means for you.

By understanding what is in the law, you can get the most out of your Medicare coverage.

How the law improves Medicare

The health care law, also called the Affordable Care Act, strengthens Medicare by protecting and improving your guaranteed benefits and cracking down on waste and fraud. It also identifies savings that will keep Medicare financially stable for at least a decade longer than if the law had not been passed.

More Medicare benefits

The law adds several benefits to the important coverage you already get with Medicare. It adds free preventive benefits, gradually closes the prescription drug coverage gap or “doughnut hole,” helps improve access to primary care doctors, and cracks down on fraud.

Adds free preventive care benefits

You no longer have to pay for Medicare-approved preventive care services. You are also able to work with your doctor on a personalized prevention plan to keep you as healthy as possible. This means that health problems can be detected sooner and treated more quickly.

The additional preventive benefits include:

- A yearly wellness visit.
- Screenings for diabetes and certain cancers. This includes mammograms, colonoscopies, and other preventive screenings.

Closes the doughnut hole

If you have Medicare Part D prescription drug coverage and fall into the coverage gap or doughnut hole, your out-of-pocket drug costs will be greatly reduced in the future.

The doughnut hole will gradually disappear. Here's how:

- In 2012, you'll get a 50% discount on brand-name prescription drugs and a 14% discount on generic prescription drugs while you are in the coverage gap.
- The doughnut hole will gradually get smaller until it disappears in 2020.

However, everyone with Medicare Part D will still have out-of-pocket costs for premiums and co-payments, just like you do now before you reach the doughnut hole.

Helps improve access to primary care doctors

Like most people with Medicare, you want to be sure that primary care providers are available to give you quality care. Here's what the law does:

- Gives primary care doctors and nurses who treat people with Medicare bonus payments for providing quality care.
- Gives extra payments to physicians and nurses who provide primary care in areas with doctor shortages.

Cracks down on waste and fraud

You are probably concerned about health care fraud. Scams and fraud take money from the Medicare program. The health care law:

- Provides extra resources to fight fraud and abuse in Medicare.
- Puts in place more tools to catch those who fraudulently bill Medicare in order to keep them out of the program.

The doughnut hole will gradually get smaller until it disappears in 2020.

What the law means for those with Medicare Advantage plans

You still have a choice of how you get your Medicare benefits. You can choose either Original Medicare or a Medicare Advantage plan.

The health care law makes a number of changes in how Medicare Advantage plans operate. If you have a Medicare Advantage plan, it is important to know how these changes might affect you.

Medicare Advantage plans are an alternative to Original Medicare. These plans are offered by private insurance companies and pay for the same health care services as Original Medicare. They also might pay for additional health care services that aren't covered by Original Medicare. With most Medicare Advantage plans, you need to see the doctors and use the hospitals that are part of the plan's network.

Focus on quality and value

The law rewards Medicare Advantage plans that provide high quality care.

- There is now a system in place to rate Medicare Advantage plans. Plans that rate at least three out of five stars by Medicare will receive bonus payments for providing you with better quality care. The bonuses start in 2012. You can review your plan's rating any time on Medicare's website www.medicare.gov.
- Plans must use some of the bonus money they receive for extra benefits and rebates to people participating in the plans. This means that higher quality plans may be able to offer more services.
- Medicare Advantage plans cannot charge more than Original Medicare for certain services. These include chemotherapy administration, renal dialysis, and skilled nursing care.
- As of 2014, plans must limit how much they spend each year on administrative costs. For each dollar paid in premiums, Medicare Advantage plans may not spend more than 15 cents on administrative expenses.

Changes in how Medicare Advantage plans are paid

In the past, Medicare paid subsidies to the private companies that offer Medicare Advantage plans. This means that these plans cost the Medicare program more than Original Medicare. As of 2012, Medicare has started to lower these subsidies so that payments will be more in line with Original Medicare.

The changes in Medicare Advantage payments will save the Medicare program money. Some of the savings will be used to close the Medicare prescription drug doughnut hole and to provide more preventive care to people with Medicare.

What this could mean for your Medicare Advantage plan

Plans differ in how they handle the lower subsidies. The lower subsidies could mean that some plans may drop extra services such as eyeglasses and gym memberships. Some plans may raise their premiums and co-payments. Others may even decide to leave the Medicare program.

Every year insurance companies that offer Medicare Advantage plans make business decisions about what they cover and what they charge. As usual, during open enrollment, you have the option to stay with your current plan, switch to a new one, or move to Original Medicare.

Learn about changes to your Medicare Advantage plan

You will receive a notice from your plan during open enrollment. It tells you what changes, if any, will take place in your Medicare plan for the upcoming plan year. This is the time for you to look at your options and make the best choice for you.

- If you have questions, you can contact your Medicare Advantage plan directly. You can also call **1-800-Medicare (1-800-633-4227)** to speak with a counselor about your options.

- You can compare your options using the Medicare Plan Finder at www.medicare.gov/find-a-plan. This Web page shows which Medicare plans are offered in your area.
- If your plan is changed or dropped, you can switch to a different Medicare Advantage plan or to Original Medicare.

Changes to income-related Medicare premiums

The law includes two important changes in the premiums for people with higher incomes. Currently, you pay a higher premium for Medicare Part B if your income is above a certain level. The income level starts at \$85,000 for a single person or \$170,000 for married couples filing joint tax returns.

- Income-related premiums now also apply to those who have Part D prescription drug coverage. The income levels are the same as for Part B.
- The law also freezes the 2010 income levels until 2020. As a result, more people will pay the higher-income premiums for Medicare Part B and Part D when they reach the income levels above.

Make your choices wisely

This booklet highlights the major improvements and changes to Medicare that may affect you. However, if you are thinking about changing your Medicare coverage, be sure to find out all the facts first.

Review all your options before you switch from one Medicare plan to another. If you have other health coverage, such as Medicaid or retiree health insurance from an employer or a union, find out how these plans work with each Medicare plan you are considering. If you drop your additional insurance when you change plans, you may not be able to get the same coverage back if you change your mind at a later date.

Where you can get more information

By staying informed, you will be better able to make the decisions that are right for you.

- Your State Health Insurance Assistance Program (SHIP) can help you navigate these changes so you can get the coverage you need. To contact your local SHIP, call **1-800-677-1116** or visit www.shiptalk.org.
- To see which plans are available in your area, go to the Medicare Plan Finder at www.medicare.gov/find-a-plan.
- Check www.aarp.org/getthefacts frequently for the latest information about the health care law.

For personalized information about how the health law works for you, go to www.aarp.org/healthlawguide.

Timeline

2010 – In Place Now!

- Temporary insurance, also known as the Pre-existing Condition Insurance Plan, covers people who have been denied insurance because of a pre-existing condition and have been without insurance for at least 6 months.
- Young adults up to age 26 may be able to stay on or be added to their family's health insurance plan.
- Individuals with new employer-based or individual insurance plans do not have to pay for certain preventive care services.
- Insurance companies can't drop your coverage if you become sick.
- Insurance companies can't place lifetime dollar limits on your health coverage.
- Children under age 19 can't be denied health insurance because of a pre-existing condition.

2011 – In Place Now!

- People with Medicare get a 50% discount on brand-name prescription drugs and a 7% discount on generic drugs while in the coverage gap or "doughnut hole."
- Medicare adds free coverage for wellness and preventive care.
- It's easier to file complaints about the quality of care in a nursing home. Better access to information on nursing home quality and resident rights is available.

2012 – In Place Now!

- People with Medicare get a 50% discount on brand-name prescription drugs and a 14% discount on generic drugs while in the doughnut hole.

2013

- People with Medicare get a 52.5% discount on brand-name prescription drugs and a 21% discount on generic drugs while in the doughnut hole.

2014

- People with Medicare get a 52.5% discount on brand-name prescription drugs and a 28% discount on generic drugs while in the doughnut hole.
- Exchanges start offering health insurance coverage.
- Help is available for those with limited incomes who purchase health insurance through an exchange.
- More people will be able to get Medicaid.
- Insurance companies can't put annual dollar limits on health coverage.
- Insurance companies can't deny anyone health coverage because of a pre-existing condition.
- Spouses of people on Medicaid who get care services at home have the same income and other resource protections as spouses of those on Medicaid who live in nursing homes.

2015

- People with Medicare get a 55% discount on brand-name prescription drugs and a 35% discount on generic drugs while in the doughnut hole.

2016

- People with Medicare get a 55% discount on brand-name prescription drugs and a 42% discount on generic drugs while in the doughnut hole.

2017

- People with Medicare get a 60% discount on brand-name prescription drugs and a 49% discount on generic drugs while in the doughnut hole.

2018

- People with Medicare get a 65% discount on brand-name prescription drugs and a 56% discount on generic drugs while in the doughnut hole.

2019

- People with Medicare get a 70% discount on brand-name prescription drugs and a 63% discount on generic drugs while in the doughnut hole.

2020 - Doughnut Hole Closed!



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