

Medicare and the New Health Care Law

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It has been approximately three months since the House enacted the Patient Protection and Affordable Care Act, and the Senate enacted the Health Care and Education Reconciliation Act, collectively now known as Health Care Reform. For decades and with enthusiastic public support, seniors have had universal health coverage through Medicare. Medicare has been special from the outset: it greatly changed how older adults accessed health care benefits and importantly, as designed in 1965, Medicare health care coverage was to come with little or no governmental oversight of physician autonomy and/or hospital policies.

In the newly distributed publication, Kathleen Sebelius, Secretary of Health and Human Services, identified immediate "improvements" in the new Medicare. These changes actually relate primarily to prescription drug coverage, Medicare Part D, which was implemented as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) and went into effect on January 1, 2006.

Specifically, some Medicare beneficiaries will receive a \$250.00 drug rebate check by mid June 2010. These checks will automatically be sent to seniors who fall into the Medicare Part D prescription drug coverage gap, also known as "doughnut hole".

Significantly, these rebate checks are the first step in the gradual phase out of the gap in Medicare Part D coverage.

\$250.00 will be sent to individuals on Medicare Part D who spend \$2,830 (the initial coverage limit) in total drug costs in a year. Those costs include the full amount spent on medications, including the deductible, co-payments, and co-insurance, but not the amount paid in premiums. Eligible recipients will automatically receive the \$250.00 with no additional forms to file and no calls to make. The checks will continue to be mailed monthly throughout the year as Medicare beneficiaries reach the gap in 2010.

Seniors on Medicare Part D now pay 25 percent of the cost of their prescription drugs until the total bill reaches \$2,830. At that point, enrollees must pay the full cost until their total out-of-pocket spending reaches \$4,550. Catastrophic coverage then begins and enrollees pay 5 percent for the rest of the year.

More than 3 million people fall into the doughnut hole each

year. Starting in 2011, people who reach the doughnut hole will receive a 50 percent discount on brand-name drugs. By 2020, the doughnut hole will be eliminated entirely.

Other future Medicare changes, which Heath and Human Services are promoting as being positive quality improvements for individuals with Medicare, are too soon to yet evaluate. Clearly, what we know for sure is that the Medicare of the future is not our parents' Medicare.

While coordinating health care and medical insurance coverage may be increasingly difficult, there are ways to make the process easier. Even if your parents are relatively healthy it is a good idea to be aware of their health histories. You should also document prescription and over the counter medications they are taking and in what dosage. You will need this information to fill in health claim forms correctly and for potential medical emergencies. It is also advisable to obtain a list of all your parents health care providers, including addresses and phone numbers.

Elder Life Management offers a Planning Fact Sheet to help you organize this information in one easily assessable place. To request a copy please call us at 732-493-8080 or e-mail elmcares@aol.com.

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