

# The Affordable Care Act (ACA) – Older Adults and People With Disabilities

August 2013

PRESENTED BY:



Connecting Older Adults with Community-based Resources and Options

The Area Agency on Aging of Suburban Cook County, since 1974

# What We Will Cover Today

- The ACA and Medicare
- ACA Provisions Already Enacted for People Without Medicare
- Upcoming Changes for People Without Medicare (2014)



# The ACA and Medicare

# Phase Out of Part D “Donut Hole”

- Medicare Part D “Donut Hole”
  - After individual and plan TOGETHER have spent a certain amount of money on drugs (\$2,970 in 2013), beneficiary hits the “donut hole”
  - Individual continues to pay plan premium every month, even while in donut hole phase
  - **Pre-ACA: Individual paid full cost of drugs once in the donut hole**
  - After Individual has spent \$4,750 out of pocket, ‘catastrophic coverage’ begins and beneficiary only pays 5% of cost of drugs for rest of the year (federal government subsidizes the rest)



# Phase Out of Part D “Donut Hole”

- Due to ACA, Part D “donut hole” phased out by 2020
  - 52.5% discount on brand name drugs and 21% discount on generic drugs in 2013.
  - 52.5% discount on brand name drugs and 28% discount on generic drugs in 2014.
  - Discounts continue to grow until donut hole is gone in 2020.



# Phase Out of Part D “Donut Hole”

- More than 6.6 million people who hit the ‘donut hole’ have saved \$7 billion on prescriptions as a result of the ACA - average savings \$1,061/person
  - In Illinois, 133,889 people saved \$95 million in 2012, an average savings of \$716/person



# Part D Donut Hole Discounts – Brand Name Drugs

Year	Manufacturer's Discount	Government Subsidy	Beneficiary Pays
2013	50%	2.5%	47.5%
2014	50%	2.5%	47.5%
2015	50%	5%	45%
2016	50%	5%	45%
2017	50%	10%	40%
2018	50%	15%	35%
2019	50%	20%	30%
2020	50%	25%	25%



# Part D Donut Hole Discounts – Generic Drugs

Year	Government Subsidy	Beneficiary Pays
2013	21%	79%
2014	28 %	72%
2015	35%	65%
2016	42%	58%
2017	49%	51%
2018	56%	44%
2019	63%	37%
2020	75%	25%





# Other Prescription Drug Changes

- Better coverage for people with low incomes
  - Extra Help – federal program that provides assistance with premiums, copays and deductibles for people with low income
  - People on Extra Help pay \$0 premium if they choose certain plans with low premium amounts
  - ACA: More plans for people on Extra Help to choose from and pay \$0 premium



# Other Prescription Drug Changes

- People with higher annual incomes pay higher Part D premiums
  - \$85,000 individual / \$170,000 married couple
  - These individuals already pay higher Part B premiums (but this is NOT part of the ACA)



# Part D Premiums in 2013

If Your Yearly Income in 2011 was		You pay
File Individual Tax Return	File Joint Tax Return	
\$85,000 or less	\$170,000 or less	Your Plan Premium
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	\$11.60 + Your Plan Premium
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	\$29.90 + Your Plan Premium
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	\$48.30 + Your Plan Premium
above \$214,000	above \$428,000	\$66.60 + Your Plan Premium



# Medicare Enrollment Period

- Annual Enrollment Period changed (AEP)
  - For both Part D and Part C (Medicare Advantage) plans
  - Now October 15<sup>th</sup> – December 7<sup>th</sup> each year
    - Plan choice effective Jan. 1<sup>st</sup>
- New Medicare Advantage Disenrollment Period
  - Switch back to Original Medicare with a stand-alone Part D plan **only**
  - January 1 – February 14



# Medicare Coverage of Preventive Services

- No cost for most preventive services
  - eliminates deductibles and co-payments for many screenings and preventive services
- Adds coverage for an “Annual Wellness Visit”
  - No cost to you
  - Wellness visit and personalized prevention plan
- New services and screenings added
  - Services recommended by the U.S. Preventive Services Task Force



# Annual Wellness Visit (NOT A PHYSICAL)

- Health risk assessment
- Medical history
- Review of functional level/safety
- Screenings for depression, cognitive impairment, height, weight, Blood Pressure, Body Mass Index
- Set up screening schedule, etc. for next few years



# Annual Wellness Visit Checklist

- Preventive services checklist to take to your doctor on pg. 51 of the 2013 “Medicare and You” book that includes more of the newly covered services
- Visit [www.MyMedicare.gov](http://www.MyMedicare.gov) to track preventive services and print a personalized “on the go” report



# No Cost Preventive Services

May need to pay office visit co-pay for screenings if not done during annual wellness visit!

- Bone mass measurement
- Tobacco cessation counseling
- Medical nutrition therapy
- Pap test
- Pelvic examination
- Mammography screening
- Colorectal cancer screenings
- Diabetes screening
- Cardiovascular screening
- HIV screening
- Vaccines (Flu, Pneumonia, Hepatitis B)
- Obesity screening and counseling
- Sexually transmitted infections screening and counseling





# Payments to Medicare Advantage Plans

- Covering someone on an MA plan used to cost 14% more than covering someone on Original Medicare
- Over time, these extra payments are being reduced
  - This change accounts for a big part of the savings to Medicare
  - Savings will be put back into the Medicare program
  - MA plans may get higher payments based on a 5- Star rating system for quality and service. Focus on health outcomes.



# Fraud, Waste, and Abuse


- Billions of dollars every year lost to health care fraud
  - Taxpayer dollars, Medicare premiums
  - People lose health care benefits they desperately need
- The ACA provides resources for fraud prevention and law enforcement:
  - New and tougher penalties for people who commit fraud
  - More investigators, law enforcement
  - New Medicare tools to provide better screening and analyze data for fraud



# Demonstration Programs to Improve Quality of Care

- Increasing coordination of care among multiple providers
- Coordination between Medicare and Medicaid
- Improving care transitions
  - preventing hospital readmissions after discharge
- Incentives to utilize Electronic Health Records and electronic prescribing





# ACA Provisions Already Enacted for People Without Medicare

# Older Adults Without Medicare

**Even some people over the age of 65 may not have Medicare!**

- To qualify for Medicare, must be:
  - 65 or older OR under 65 and qualify for Social Security Disability benefits (SSDI)
  - Citizen OR legal permanent resident that has lived in the U.S. for at least 5 years
  - Paid into Social Security at least 40 quarters to get Part A premium-free (otherwise have to pay monthly premium of up to \$451/month)



# Children and Young Adults

- Children and adolescents (through age 18)
  - Cannot be denied coverage because of a pre-existing condition
- Young adults
  - People without employer coverage can stay on parents' health insurance up to age 26 even if working, married, or in school (veterans up to age 30)



# Everyone With an Insurance Plan

- No lifetime caps on insurance benefits (annual limits phased out by 2014)
- No more policy rescissions for anything other than fraud
  - Insurance companies cannot drop someone from a plan because the person made a mistake on the initial coverage application




# Everyone With an Insurance Plan

- Free preventive services in all new insurance plans
- Premium increases will be reviewed by state before accepted (if more than 10% must submit a justification)
- Medical Loss Ratio: Insurers must spend at least 80-85 cents of every dollar collected in premiums on healthcare and quality (not profits, marketing, administration)







# Upcoming Changes for People Without Medicare (2014)

# Medicaid Expansion

- Current Medicaid eligibility limited to certain low-income groups
  - Pregnant women, kids, seniors, people with disabilities
- 2014: expansion of Medicaid to anyone age 19-64 with income at or below 138% FPL (*about \$15,900 for 1 person in 2013*) that meet Medicaid citizenship requirements
  - Must not be eligible for Medicare or existing Medicaid programs to qualify for new Medicaid



# Medicaid Expansion

- Coverage may be different than current Medicaid (but most cover certain “essential health benefits”)
- **342,000 new people will be insured in Illinois – approximately 47,800 will be in the 55-64 age group**
- Federal government covers 100% of cost of expanded coverage, gradually decreases to 90% by 2020
- Supreme Court decision – states choose whether or not to participate
  - Illinois: SB 26 was signed into law on July 22, 2013



# Affordable Health Insurance Marketplace

- Each state will have a Marketplace where individuals and small businesses can shop for plans
- Plans sold in the Marketplace will be standardized (Bronze, Silver, Gold, Platinum) to make it easier for consumers to compare
- All plans must cover “essential health benefits” (10 categories)
- “Assister” agencies will help consumers with understanding and choosing plans in the Marketplace



# Affordable Health Insurance Marketplace

- People with incomes below 400% FPL can receive premium tax credits to assist with paying monthly premiums
  - This assistance will be most helpful if the person chooses a Silver or Bronze level plan
- People with incomes below 250% FPL can receive assistance with cost-sharing (deductibles and co-pays).
  - This assistance is only available if the person chooses a Silver level plan!



# Who Will Buy Plans in the Affordable Health Insurance Marketplace?

- People who are currently uninsured, do not qualify for insurance through an employer or other program, and meet citizenship requirements (must be a U.S. citizen or legal resident to buy a plan through the Marketplace)
- These people will **NOT** buy plans in the Marketplace:
  - People eligible for Medicare or Medicaid
  - People who are offered affordable insurance by their employer
  - People who already have insurance coverage through another source (retiree plan, Veterans benefits, etc.)



# Medicare and the Affordable Health Insurance Marketplace

- People who are on Medicare should NOT purchase insurance plans through the Marketplace.
  - Marketplace plans will not help with Medicare out of pocket costs.
  - Medicare Supplement plans will NOT be sold in the Marketplace.
- If someone is eligible for Medicare, s/he will **NOT** be eligible to receive Marketplace premium or cost-sharing assistance.
  - **Exception: People who must pay premiums to buy Medicare Part A can receive Marketplace assistance if s/he chooses to buy a Marketplace plan instead of Medicare**



# Coverage Options for Older Adults

- **MMW Flow Chart – Coverage Options for People Age 65 and Over**
  - Use this chart to determine whether someone age 65 or over should have Medicare, Medicaid, or ACA Marketplace Coverage

<http://ageoptions.org/documents/USETHIS-full65andoldercoverageflowchart-BLACKANDWHITE.pdf>





# Who Will Buy Plans in the Affordable Health Insurance Marketplace?

- Some families may be “split,” with certain family members buying insurance through the Marketplace while others use other forms of coverage
- Example: 5 person family
  - Mom (56), Dad (58), and 15 year old daughter have no insurance coverage and income over 138% FPL – will purchase a plan through the Marketplace
  - 22 year old daughter has a job that offers her insurance coverage; she accepts insurance through her job
  - 25 year old son receives Social Security Disability benefits and qualifies for Medicare




# New Rules for Insurance Plans in 2014

(Note: These new rules do not apply to Medicare Plans!)

- Guaranteed Issue (Plans may not refuse to sell someone a plan because of a pre-existing condition.)
- Plans may not charge higher premiums based on health (pre-existing conditions) or gender.
  - May only use age, geography, and tobacco use to determine premium amount.
- No annual limits on benefits
- Annual out of pocket maximums
  - 2014: \$5,950 for an individual, \$11,900 for a family





# ACA Insurance Coverage Mandate ("Individual Mandate")

# Individual Mandate

- Requires most people to maintain “minimum essential coverage”
- Employer-sponsored, government (Medicare, Medicaid), and individual policies count
- Penalty for not participating: % of household income reflecting the cost of the insurance
- Some people exempt: incarcerated, religious objectors, Native Americans, people with financial hardship



# Individual Mandate (Purpose)

- Insurance principles
  - To avoid adverse selection – need healthy people to balance out those using benefits
  - Big pool makes the premiums more affordable
- Everyone shares the responsibility
  - Uninsured overuse expensive services like emergency room, not getting preventive care. Costs shifted to providers (charity care) and consumers and employers who have to pay higher premiums and taxes.



# Individual Mandate

- Penalty will be the greater of these two:
  - \$695/year for an individual or up to a maximum of 3x that amount (\$2,085) for family
  - 2.5% of household income
- Penalty will be phased in:
  - \$95 or 1% of taxable income in 2014
  - \$325 or 2% of taxable income in 2015
  - \$695 or 2.5% of taxable income in 2016
  - After 2016, penalty will be increased annually by cost of living adjustment





# For More Information

# MMW Resources - AgeOptions

## MMW Materials:

[http://ageoptions.org/services-and-programs\\_makemedicarework.html](http://ageoptions.org/services-and-programs_makemedicarework.html)

## MMW ACA Materials:

- 7 ACA Tip Sheets in English, Spanish, Chinese, Korean, Polish, and Russian
- Coverage Options for People 65+ (Flow Chart)
- Slides and Recording from this webinar

[http://www.ageoptions.org/services-and-programs\\_AffordableCareActMaterials.html](http://www.ageoptions.org/services-and-programs_AffordableCareActMaterials.html)





# Social Media

- **AgeOptions**

- Twitter: @AgeOptions

- Facebook:

- <https://www.facebook.com/pages/AgeOptions/132016633550504>

- **Health & Disability Advocates**

- Twitter: @HDAAdvocates

- Facebook:

- <https://www.facebook.com/HealthAndDisabilityAdvocates>

- **Illinois Health Matters (www.illinoishealthmatters.org)**

- Twitter: @ILHealthMatters

- Facebook: <https://www.facebook.com/IllinoisHealthMatters>



# Affordable Care Act Resources

- **Healthcare.gov** (official federal government website): [www.healthcare.gov](http://www.healthcare.gov)
- **Kaiser Family Foundation** - <http://healthreform.kff.org/>
  - Cartoon videos and written materials
  - Marketplace subsidy calculator (gives estimations of the assistance that an individual may be eligible to receive)
- **AARP Health Law Answers Tool** - <http://healthlawanswers.aarp.org/>
  - Tool to determine what type of coverage is most appropriate for a particular person/family



# Thank you!

## If you have questions, contact:

Over the past 30 years, **AgeOptions** has established a national reputation for meeting the needs, wants and expectations of older adults in suburban Cook County. We are recognized as a leader in developing and helping to deliver innovative community-based resources and options to the evolving, diverse communities we serve.

### **AgeOptions**

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*This presentation was supported in part by grants from the Chicago Community Trust, the Retirement Research Foundation, and the Michael Reese Health Trust.*



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