

Pondering ‘Medicare and You: 2010’ and Beyond

Somewhere beneath the clutter and catalogs, older adults may find the latest edition of a handy health insurance guide called Medicare and You 2010. The rest of the pile is the zillion fliers and brochures from other insurance providers throughout the land. Every news show and commentator has a spin on current Medicare and its future reform.

The result for many of our clients is confusion at best, and it goes straight downhill from there.

“Original Medicare” is health insurance administered by the federal government. For older adults and the disabled it could be called the “public option.” Having paid into the Medicare system lifelong, most folks will not pay a premium for “Part A,” which covers hospital stays, skilled care in a nursing home, hospice, and some home health services. The \$110+/month premium (2010) is for “Part B,” which covers a percentage of costs for doctors’ visits, medical supplies and some home health services. The infamous “Part D” is prescription drug insurance, and premiums vary.

Medicare recipients have co-pays and deductibles just like those with private health insurance. Actual out-of-pocket expenses depend upon whether the enrollee has purchased a private Medi-gap (supplemental) insurance policy.

A person may opt out of “Original Medicare” by choosing a Medicare Advantage Plan. Some advocates call these Medicare disAdvantage Plans.

Administered by private insurance companies, Medicare Advantage (MA) or “Part C” plans are the “private option.” Managed with the federal government’s approval and significant financial support, MA plans combine Part A and Part B. MA plans may or may not include a prescription drug benefit.

Are these a good value? If you are healthy the MA plan may be a great deal. However, health declines and more care is often needed as we age. Unfortunately, if seniors decide to chuck the MA plan and return to “Original Medicare,” they may encounter difficulty obtaining a Medi-gap plan. This means greater out-of-pocket expense.

Bottom line? Older adults want to receive maximum benefits and a choice of health care providers and facilities. Those with original Medicare and a Medi-gap policy are more likely to have their health care the way they want and need it.

That is Medicare in a nutshell as it exists today. What does the future hold with health care reform? There is indeed room for improvement in the Medicare system, and Congressional members are drilling down on health care reform. The Affordable Health Care for America Act (H.R. 3962) was passed by the House of Representatives on Nov. 7, 2009. At the time of this writing, the Senate is debating bills proposed by the Senate Finance and HELP committees. Many elder advocates believe this legislation may be “just what the doctor ordered.” Proposed improvements to Medicare include:

- Closing the Part D Donut Hole and other reductions in drug costs. Hooray! The House bill eliminates the donut hole completely by 2019. (The “donut hole” is prescription drug costs that aren’t covered by Medicare Part D.) The Senate’s bills do not eliminate the donut hole but do offer some relief to consumers. The House bill also allows the federal government to negotiate with drug companies (!) for lower costs for Medicare enrollees, bans mid-year formulary changes, provides for discounts on certain drugs in the coverage gap, and waives or reduces when enrollees switch to generics.
- Reducing overpayments to Medicare Advantage Plans. Government statistics reveal that Medicare Advantage Plans cost taxpayers 14 percent over the cost of Original Medicare. This generous government subsidy does not necessarily translate into more or better care. The House bill proposes to create a level playing field between MA plans and Original Medicare.
- Expanding access to preventive services and vaccines for Medicare enrollees.
- Requiring the Department of Health and Human Services to develop quality indicators for provision of medical services to people with Alzheimer’s and other dementias.