



HEALTH CARE *and you*

The New Health Care Law: What it Means for People 65+

If you are age 65 or over, or under 65 but on Medicare, the new health care law may benefit you in several ways. The new law lowers prescription drug costs, strengthens Medicare, and improves long-term care services. By knowing what's in the law you can take advantage of these changes. Some of these benefits start this year. Others will phase in over the next several years.

Lowers out-of-pocket prescription drug costs:

- If you have Medicare Part D prescription drug coverage and reach the coverage gap (“doughnut hole”) this year, you will **automatically** receive a \$250 rebate to help pay drug costs. You will not need to request or apply for the payment.
- Next year, if you reach the doughnut hole, you will receive discounts on your prescription drugs. You'll get a 50% discount on brand name drugs and a 7% discount on generics while you are in the coverage gap.
- The Part D coverage gap will gradually narrow until it disappears in 2020.

Strengthens Medicare:

- The law expands coverage for preventive care. If you have Medicare, you will qualify for a new annual wellness visit, mammograms, and other screenings for cancer and diabetes — at no charge. These new benefits start in 2011.
- Medicare Advantage plans that give better quality care will receive additional bonus payments. Plans are required to use some of this bonus money to offer you added health benefits.
- New rules will stop Medicare Advantage plans from charging people more than Original Medicare for certain services. These services include chemotherapy administration, renal dialysis, and skilled nursing care. These changes start in 2011.
- Beginning in 2014, Medicare Advantage plans must limit how much they spend each year on administrative costs. This means plans will have to spend more money on benefits and services that improve the quality of care.

Reduces waste, fraud and abuse:

- The law cracks down on waste, fraud and abuse in Medicare and the health care system as a whole. It cuts inefficient care and reduces overpayments to insurance companies.
- To guard against fraud, the law also protects the privacy of your personal information.

Improves long-term care services and information:

- Starting in 2011, consumers will have more information about nursing home inspections, complaints against facilities, and consumer rights. This information will help you make decisions when selecting a nursing home.
- Your state may receive more funds to expand home and community-based services. For example, under the Community First Choice Option, participating states would get more federal dollars to provide certain home and community-based services to certain people with disabilities who live at home but need an institutional level of care. These changes begin in 2011.
- A new voluntary long-term care insurance program – called CLASS – will be available to you if you are working. This program will help you pay for some of your future long-term care services. You will receive a cash benefit if you have a qualifying disability, have paid into the program for at least five years, worked at least three of those initial five years, and meet other eligibility requirements. If your employer

participates in the program, you will be enrolled automatically unless you choose to opt out. You will also be able to buy this insurance if your employer doesn't participate, if you are self-employed, or have more than one employer. This program is likely to start in 2012 or 2013.

- Starting in 2014, the law extends financial protections to more spouses of people on Medicaid. If you're married to someone on Medicaid who gets long-term care services at home, you will have the same protections for your income and other resources as you would if your spouse lived in a nursing home.

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The New Health Care Law: Improved Medicare Prescription Drug Benefit & Closing the Doughnut Hole

Under the new health care law, people enrolled in Medicare Part D this year who fall into the coverage gap, or “doughnut hole,” will get an extra \$250 to help pay for their drug costs. This is the first step toward closing the doughnut hole, which will be eliminated in 2020.

Medicare will continue to offer prescription drug plans through Part D to help reduce your out-of-pocket costs for medications. You will still pay premiums each month in exchange for this benefit but, once the new law is fully implemented, there will be no coverage gap.

Under prior law, once your total drug costs (what you and your plan have paid) for the year exceeded a certain amount, you fell into the doughnut hole. During this gap in coverage, you would pay the full price for your drugs until your total costs were high enough that you qualify for catastrophic coverage. After that point, you would be responsible for only 5 percent of your prescription drug costs for the rest of the year.

Under the new law, if you reach the doughnut hole in 2010, you will get a one-time rebate of \$250 to reduce your out-of-pocket costs. Also, starting in 2011, you will get a 50 percent discount on brand-name prescription drugs and a 7 percent discount on generic prescription drugs while you are in the coverage gap. The gap will gradually narrow until it disappears in 2020. As before, after a certain amount of drug spending (by you and the plan), you will qualify for catastrophic coverage and only be responsible for 5 percent of your prescription drug costs for the rest of the year.

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The New Health Care Law: The \$250 Doughnut Hole Rebate

People with Medicare Part D who reach the gap in their prescription drug coverage this year will automatically receive a \$250 rebate check. This one-time payment in 2010 will help three million people to pay for the prescription drugs they need.

The Secretary of Health and Human Services has announced that the first group of rebate checks will be mailed starting June 10, 2010. Checks will continue to be mailed about every six weeks as more people reach the coverage gap, also called the “doughnut hole.”

These rebate checks will go to people on Medicare Part D once they have spent \$2830 (“the initial coverage limit”) in total drug costs for the year. Total drug costs include the full amount you and your plan spend on your drugs, including your deductible, co-payments, and coinsurance, but not the amount you pay in premiums.

Some Things You Need to Know

- You do not need to do anything to get your check. The check will come to you automatically after you reach the Medicare Part D coverage gap.
- You do not have to do anything to prove that you and your plan have paid more than \$2830 in total drug costs. Your Medicare Part D plan tracks these costs for you.
- Because the checks are sent automatically, avoid anyone who promises to “help” you get your check. Scammers may say you can get your check more quickly if you pay them a fee. Immediately report this scam or any similar fraud to the police or to your Attorney General. You can find the Attorney General’s phone

number in the blue pages of the telephone book or online at www.naag.org/current-attorneys-general.php.

- A paper check will be mailed to the address Social Security uses to reach you. If you need to change your address, please call Social Security at 1-800-772-1213. If you prefer, a change of address may also be reported by calling or visiting your location Social Security office. You can find contact information at www.ssa.gov/locator.
- You may be able to avoid the gap in your coverage and save money on your drugs. Use AARP's Doughnut Hole Calculator at www.aarp.org/doughnuthole. The calculator will show you if you will fall into the doughnut hole this year. It also identifies less costly drugs available in your Part D plan. This may help you save money by delaying when you reach the doughnut hole or by keeping you out of the coverage gap altogether.
- Starting in 2011, if you reach the coverage gap you will get a 50 percent discount on brand-name drugs and a 7

percent discount on generic prescription drugs, but the full cost of the drugs will be applied toward getting you through the doughnut hole. By 2020, the gap will be eliminated entirely. That means that people who now pay 100 percent of their drug costs in the doughnut hole instead will pay a copayment or coinsurance of no more than 25 percent. Rather than the doughnut hole, you should pay a fairly consistent co-payment or co-insurance all the way up to the catastrophic limit. If your drug needs go beyond the catastrophic limit, your portion will be limited to a 5 percent coinsurance for your drug costs.

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The New Health Care Law: Improvements to Preventive and Wellness Benefits

The new health care law includes new prevention and wellness provisions that could help keep you healthy, catch health problems early, and save individuals and families hundreds of dollars a year. Under the new law insurers must offer proven preventive services – like immunizations, cancer screenings and checkups – to you at no additional out-of-pocket charge.

For People with Insurance:

The health care law requires all new health plans to cover important preventive and wellness benefits with no deductibles and co-payments. Examples include services such as immunizations and screenings for cancer or diabetes. This requirement applies to new individual and group insurance plans and is effective this year.

For People with Medicare:

Starting in 2011, Medicare will pay for an annual wellness visit and a personalized prevention plan.

The personalized prevention plan may include the following:

- An assessment of your health risks
- Your updated medical history
- A list of your current health care providers
- A list of your current prescription medications
- Your height, weight, and blood pressure measurements
- A screening schedule for appropriate preventive services for you to follow over the next five to ten years
- A list of your health risk factors along with treatment options

Medicare will also continue to cover a Welcome to Medicare physical exam for people who are new to the Medicare program. The Welcome to Medicare exam is free, with no deductibles and co-payments. Those who are new to Medicare cannot get both the Welcome to Medicare exam and the annual wellness visit during their first 12 months of enrollment. The Welcome to Medicare exam is available during the first 12 months of enrollment into the Medicare program. The annual wellness visit takes place each year after that.

For those with a Medicare Advantage plan, most of these plans offer Medicare-covered preventive services with no deductibles and co-payments. The new health care law does not require Medicare Advantage plans to offer preventive services free of charge. If you have a Medicare Advantage plan you should check with your plan to confirm what the deductibles and co-payments are for preventive services, if any.

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