



AARP Massachusetts T 1-866-448-3621
One Beacon Street F 617-723-4224
Suite 2301 TTY 1-877-434-7598
Boston, MA 02108 www.aarp.org/ma

HEALTH CARE REFORM & YOU Important Information for People in Medicare

STATEWIDE – More than one million Massachusetts residents rely on Medicare. The new health care reform law guarantees that existing, basic Medicare benefits will not change, for both traditional Medicare and private Medicare Advantage. The law also protects retiree health coverage, changes compensation to Medicare Advantage plans so they are paid the same rate as traditional Medicare, and makes important improvements to preventative services and prescription drug coverage.

“Too many elders in Massachusetts have been struggling to afford the prescription drugs they need to stay healthy and out of more expensive care,” says Deborah Banda, state director of AARP Massachusetts, which represents more than 800,000 members age 50 and older in the Bay State. “One of the most significant aspects of the new health care law for people in Medicare is the elimination of the Medicare prescription drug coverage gap – the dreaded doughnut hole – over the next ten years, with immediate relief coming soon.”

This year, Medicare beneficiaries who fall into the Part D coverage gap will automatically receive \$250 toward drug costs; the first checks are scheduled to go out in mid June. Starting in 2011, beneficiaries will receive a 50 percent discount on all brand name and biologic drugs, and a seven percent discount on generics. Over 10 years, more discounts will be applied for both brand and generic drugs until the coverage gap completely closes in 2020.

“It is important to note that some provisions of the health care law happen this year, while others will phase in over time,” explains Banda. “By knowing what’s in the new law and when changes occur, you can make the best decisions for yourself and your family.”

For example, beginning in 2011, individuals in traditional Medicare will get an annual physical and many preventative services – such as mammograms and other screenings for cancer and diabetes – at no cost. Those in Medicare Advantage should check with their plans to find out if these services will be free.

Private Medicare Advantage plans will also see administrative changes. Currently, Medicare pays more for people enrolled in Medicare Advantage than for those in traditional Medicare. These overpayments will gradually be phased out and replaced with a system that rewards plans for meeting quality standards related to care and customer service. Further, starting in 2014, Medicare Advantage plans must spend at least 85 percent of the money they take in from premiums on medical care, and they will no longer be able to charge higher copayments than traditional Medicare for certain services.

“Over the last few years, Medicare beneficiaries have seen their premiums skyrocket,” says Banda. “We will monitor closely how the administrative changes to Medicare Advantage impact

the plans to see if some raise premiums, drop extra benefits like routine vision care and health club memberships, or even leave Medicare.”

Other aspects of the new health care reform law specific to people in Medicare include:

- Starting this year, for retirees between the ages of 55 and 64 who receive health coverage through a former employer, new federal funds will encourage employers to continue offering the benefit.
- In the next ten years, people with higher-incomes will likely be required to pay higher Medicare Part B premiums, and for the first time, for Part D premiums. This is because the current income levels on which the premiums are based – \$85,000 for a single person or \$170,000 for married couples – will be frozen until 2020.
- The law makes no change to Medigap supplemental insurance; individuals are not required to buy a private Medigap policy.
- According to official estimates, the cost savings from the new health care law should keep Medicare financially stable for nearly a decade longer than if no law had been passed.

To learn more – or ask questions – visit AARP’s web page devoted to providing information about the health care reform law: www.aarp.org/getthefacts. To receive a free informational brochure, “How the New Health Care Law Benefits You (D19272),” call AARP Massachusetts toll free at 1-866-448-3621.

Connect with AARP MA online at www.aarp.org/ma, www.facebook.com/AARPMA and www.twitter.com/AARPMA.